

EARNINGS AND BENEFITS FOR A MOTHER WITH TWO CHILDREN WITH DAY
CARE EXPENSES AFTER 4 MONTHS ON JOB, JANUARY 1996—(PENNSYLVANIA)

Earnings	EIC	AFDC ¹	Food stamps ²	Medicaid	Taxes			Work ex-penses ⁴	"Dispos-able" in-come
					Social Secu-rity	Fed-eral in-come ³	State income		
\$0	\$0	\$5,052	\$2,722	Yes	\$0	\$0	\$0	\$0	⁵ \$7,774
2,000	800	4,892	2,410	Yes	153	0	0	600	⁵ 9,349
4,000	1,600	3,292	2,530	Yes	306	0	0	1,200	⁵ 9,916
5,000	2,000	2,492	2,590	Yes	383	0	0	1,500	⁵ 10,199
6,000	2,400	1,692	2,650	Yes	459	0	0	1,800	⁵ 10,483
7,000	2,800	892	2,710	Yes	536	0	0	2,100	⁵ 10,766
8,000	3,200	0	2,798	Yes ⁶	612	0	0	2,400	⁵ 10,986
9,000	3,556	0	2,618	Yes ⁷	689	0	0	2,700	⁵ 11,785
10,000	3,556	0	2,438	No ⁷	765	0	0	3,000	12,229
15,000	2,842	0	1,538	No ⁸	1,148	0	420	4,200	13,612
20,000	1,789	0	0	No	1,530	0	560	5,200	14,499
30,000	0	0	0	No	2,295	1,628	840	5,400	19,837
50,000	0	0	0	No	3,825	5,187	1,400	5,400	34,188

¹ Assumes these deductions: \$120 monthly standard allowance (which would drop to \$90 after 1 year on the job) and child care costs equal to 20 percent of earnings, up to maximum of \$350 for two children.

² Assumes these deductions: 20 percent of earnings, \$134 monthly standard deduction and child care costs equal to 20 percent of wages, up to maximum of \$320 for two children.

³ Head of household rates in effect for 1996. The dependent care tax credit reduces tax liability at earnings of \$15,000 and above.

⁴ Assumed to equal 10 percent of earnings up to maximum of \$100 monthly, plus child care costs equal to 20 percent of earnings up to a maximum of \$350 for two children.

⁵ In addition, the benefits from Medicaid could be added, but are not, since the extent to which they increase disposable income is uncertain.

⁶ Family would qualify for Medicaid because the mother, by law, would be deemed still an AFDC recipient, even though no AFDC would be paid; her calculated benefit would be below the minimum amount (\$10 monthly) payable.

⁷ Family would qualify for Medicaid for 12 months after leaving AFDC under the 1988 Family Support Act. State must offer Medicaid to all children up to age 6 whose family income is not above 133 percent of the Federal poverty guideline (ceiling of \$17,290 for a family of three in 1996) and to children over age 6 born after September 30, 1983 (up to age 10¹/₃ in January 1996), whose family income is below the poverty guideline (\$12,600 for a family of three).

⁸ After losing her Medicaid transitional benefits, to regain eligibility, mother must spend down on medical expenses to State's medically needy income limit (\$5,604 in August 1995).

Source: Congressional Research Service.

MAXIMUM AFDC BENEFITS BY FAMILY SIZE, JANUARY 1996

State	One-person family	Two-person family	Three-person family	Four-person family	Five-person family	Six-person family
Alabama	\$111	\$137	\$164	\$194	\$225	\$252
Alaska ²	514	821	923	1,025	1,127	1,229
Arizona ³	204	275	347	418	489	561
Arkansas	81	162	204	247	286	331
California	299	490	607	723	824	926
Colorado ^{2 16}	253	331	421	510	605	697
Connecticut ⁴	402	513	636	741	835	935
Delaware ¹⁶	201	270	338	407	475	544
District of Columbia	265	330	420	513	591	695
Florida ³	180	241	303	364	426	487
Georgia	155	235	280	330	378	410
Guam ¹⁶	151	258	330	417	497	592
Hawaii	418	565	712	859	1,006	1,153
Idaho	205	251	317	382	448	513
Illinois ^{2 5}	212	278	377	414	485	545
Indiana ²	139	229	288	346	405	463
Iowa	183	361	426	495	548	610
Kansas ^{6 16}	267	352	429	497	558	619
Kentucky	186	225	262	328	383	432
Louisiana ⁷	72	138	190	234	277	316
Maine ²	198	312	418	526	632	739
Maryland	165	292	373	450	521	573
Massachusetts ^{3 16}	383	474	565	651	741	832
Michigan: ^{2 8}						
(Washtenaw County)	305	401	489	593	689	822
(Wayne County)	276	371	459	563	659	792
Minnesota ^{2 16}	250	437	532	621	697	773

POVERTY RATES FOR INDIVIDUALS IN SELECTED DEMOGRAPHIC GROUPS, 1959-1994

Year	Overall	Aged	Children ¹	Individuals in female-headed families ²	Black	Hispanic origin ³	White
1959	22.4	35.2	27.3	49.4	55.1	NA	18.1
1960	22.2	NA	26.9	48.9	NA	NA	17.8
1961	21.9	NA	25.6	48.1	NA	NA	17.4
1962	21.0	NA	25.0	50.3	NA	NA	16.4
1963	19.5	NA	23.1	47.7	NA	NA	15.3
1964	19.0	NA	23.0	44.4	NA	NA	14.9
1965	17.3	NA	21.0	46.0	NA	NA	13.3
1966	14.7	28.5	17.6	39.8	41.8	NA	11.3
1967	14.2	29.5	16.6	38.8	39.3	NA	11.0
1968	12.8	25.0	15.6	38.7	34.7	NA	10.0
1969	12.1	25.3	14.0	38.2	32.2	NA	9.5
1970	12.6	24.6	15.1	38.1	33.5	NA	9.9
1971	12.5	21.6	15.3	38.7	32.5	NA	9.9
1972	11.9	18.6	15.1	38.2	33.3	22.8	9.0
1973	11.1	16.3	14.4	37.5	31.4	21.9	8.4
1974	11.2	14.6	15.4	36.5	30.3	23.0	8.6
1975	12.3	15.3	17.1	37.5	31.3	26.9	9.7
1976	11.8	15.0	16.0	37.3	31.1	24.7	9.1
1977	11.6	14.1	16.2	36.2	31.3	22.4	8.9
1978	11.4	14.0	15.9	35.6	30.6	21.6	8.7
1979	11.7	15.2	16.4	34.9	31.0	21.8	9.0
1980	13.0	15.7	18.3	36.7	32.5	25.7	10.2
1981	14.0	15.3	20.0	38.7	34.2	26.5	11.1
1982	15.0	14.6	21.9	40.6	35.6	29.9	12.0
1983	15.2	13.8	22.3	40.2	35.7	28.0	12.1
1984	14.4	12.4	21.5	38.4	33.8	28.4	11.5
1985	14.0	12.6	20.7	37.6	31.3	29.0	11.4
1986	13.6	12.4	20.5	38.3	31.1	27.3	11.0
1987	13.4	12.5	20.3	38.1	32.4	28.1	10.4
1988	13.0	12.0	19.5	37.2	31.3	26.7	10.1
1989	12.8	11.4	19.6	35.9	30.7	26.2	10.0
1990	13.5	12.2	20.6	37.2	31.9	28.1	10.7
1991	14.2	12.4	21.8	39.7	32.7	28.7	11.3
1992 ⁴	14.8	12.9	22.3	39.0	33.4	29.6	11.9
1993	15.1	12.2	22.7	38.7	33.1	30.6	12.2
1994	14.5	11.7	21.8	38.6	30.6	30.7	11.7

¹All children including unrelated children.

²Does not include females living alone.

³Hispanic origin may be of any race; it is an overlapping category.

⁴For 1992, figures are based on 1990 census population controls.

Source: U.S. Bureau of the Census (1996 and various years).

MEDICAID COVERAGE BY AGE AND FAMILY INCOME, 1994

[In thousands]

Age	Covered by Medicaid	Persons in age group	Percent with Medicaid
In poverty:			
0-5	4,358	6,093	71.5
6-10	2,762	4,228	65.3
11-18	2,940	5,611	52.4
19-44	5,101	13,823	36.9
45-64	1,366	4,639	29.4
65 or older	1,050	3,663	28.7
Total	17,577	38,057	46.2
Family income between 100 and 133 percent of poverty:			
0-5	875	1,967	44.5
6-10	548	1,472	37.2
11-18	575	1,987	28.9
19-44	1,151	6,258	18.4
45-64	346	1,997	17.3
65 or older	552	2,907	19.0
Total	4,047	16,589	24.4
Family income between 133 and 185 percent of poverty:			
0-5	825	2,822	29.2
6-10	391	2,166	18.0
11-18	496	3,257	15.2
19-44	1,072	10,175	10.5
45-64	374	3,625	10.3
65 or older	430	4,915	8.8
Total	3,588	26,960	13.3
Family income greater than 185 percent of poverty:			
0-5	1,109	13,379	8.3
6-10	621	11,401	5.4
11-18	874	19,094	4.6
19-44	2,034	75,164	2.7
45-64	707	41,187	1.7
65 or older	843	19,783	4.3
Total	6,189	180,009	3.4

MEDICAID COVERAGE BY AGE AND FAMILY INCOME, 1994

[In thousands]

Age	Covered by Medicaid	Persons in age group	Percent with Medicaid
All persons:			
0-5	7,167	24,261	29.5
6-10	4,321	19,267	22.4
11-18	4,885	29,949	16.3
19-44	9,358	105,420	8.9
45-64	2,794	51,449	5.4
65 or older	2,876	31,269	9.2
Total	31,400	261,614	12.0

Source: CRS tabulations from the March 1995 Current Population Survey (CPS). Table excludes persons in institutions and approximately 250,000 children under age 15 living with nonfamily caretakers. Number of recipients is lower than the number on administrative records due to underreporting by CPS respondents.

HISTORY OF MEDICAID PROGRAM COSTS, 1966–97

Fiscal year	Total		Federal		State	
	Dollars (in millions)	Percent increase	Dollars (in millions)	Percent increase	Dollars (in millions)	Percent increase
1966 ¹	1,658	789	869
1967 ¹	2,368	42.8	1,209	53.2	1,159	33.4
1968 ¹	3,686	55.7	1,837	51.9	1,849	59.5
1969 ¹	4,166	13.0	2,276	23.9	1,890	2.2
1970 ¹	4,852	16.5	2,617	15.0	2,235	18.3
1971	6,176	27.3	3,374	28.9	2,802	25.4
1972 ²	8,434	36.6	4,361	29.3	4,074	45.4
1973	9,111	8.0	4,998	14.6	4,113	1.0
1974	10,229	12.3	5,833	16.7	4,396	6.9
1975	12,637	23.5	7,060	21.0	5,578	26.9
1976	14,644	15.9	8,312	17.7	6,332	13.5
TQ ³	4,106	NA	2,354	NA	1,752	NA
1977	17,103	⁴ 16.8	9,713	⁴ 16.9	7,389	⁴ 16.7
1978	18,949	10.8	10,680	10.0	8,269	11.9
1979	21,755	14.8	12,267	14.9	9,489	14.8
1980	25,781	18.5	14,550	18.6	11,231	18.4
1981	30,377	17.8	17,074	17.3	13,303	18.4
1982	32,446	6.8	17,514	2.6	14,931	12.2
1983	34,956	7.7	18,985	8.4	15,971	7.0
1984	37,569	7.5	20,061	5.7	17,508	9.6
1985 ⁵	40,917	8.9	⁶ 22,655	12.9	⁶ 18,262	4.3
1986	44,851	9.6	24,995	10.3	19,856	8.7
1987	49,344	10.0	27,435	9.8	21,909	10.3
1988	54,116	9.7	30,462	11.0	23,654	8.0
1989	61,246	13.2	34,604	13.6	26,642	12.6
1990	72,492	18.4	41,103	18.8	31,389	17.8
1991	91,519	26.2	52,532	27.8	38,987	24.2
1992	118,166	29.1	67,827	29.1	50,339	29.1
1993	132,010	11.7	75,774	11.7	56,236	11.7
1994	143,919	9.0	82,034	8.3	61,885	10.0
1995	156,263	8.6	89,070	8.6	67,193	8.6
1996 ⁷	166,477	6.5	94,892	6.5	71,585	6.5
1997 ⁷	185,212	11.2	105,571	11.2	79,641	11.2

¹ Includes related programs which are not separately identified, though for each successive year a larger portion of the total represents Medicaid expenditures. As of January 1, 1970, Federal matching was only available under Medicaid.

² Intermediate care facilities (ICFs) transferred from the cash assistance programs to Medicaid effective January 1, 1972. Data for prior periods do not include these costs.

³ Transitional quarter (beginning of Federal fiscal year moved from July 1 to October 1).

⁴ Represents increase over fiscal year 1976, i.e., five calendar quarters.

⁵ Includes transfer of function of State fraud control units to Medicaid from Office of Inspector General.

⁶ Temporary reductions in Federal payments authorized for fiscal years 1982–84 were discontinued in fiscal year 1985.

⁷ Current law estimate.

NA—Not available.

Note.—Totals may not add due to rounding.

Source: Budget of the U.S. Government, fiscal years 1969–97 (see Office of the President, 1996, in reference list), and Health Care Financing Administration, Division of Budget.

Poverty rates for different race/ethnicity groups, tabulated from Current Population Survey data.

	White	African American / Black	Native American / Eskimo	Asian / Pacific Islander	Other	Hispanic
1989	.092	.333	.302	.155	.216	.287
1990	.098	.348	.355	.151	.211	.308
1991	.103	.351	.360	.152	.203	.319
1992	.105	.362	.354	.149	.268	.326
1993	.108	.365	.323	.168	.249	.335
1994	.101	.333	.339	.172	.257	.334

There are several reasons why this table differs from the table presented in the Green Book. First, the data above are not "weighted." Although it is correct to weight the data when making inferences, I did not have time to obtain this information. Second, it is possible that the poverty line provided in the CPS differs slightly from that used in the Green Book calculation.

**Table 1: Earnings and benefits after four months on job for a mother with two children with day care expenses
1996 -- Philadelphia, Pennsylvania.**

Earnings	EITC	AFDC	Food Stamps	Medicaid \$3307	Eligible for public housing	Housing subsidy, 2 bedrooms	Social Security Tax	Federal Income Tax	State Income Tax	Work Expenses	Total Income
0	0	5052	2722	Yes	Yes	8136	(0)	(0)	(0)	(0)	19217
2000	800	4892	2410	Yes	Yes	7936	(153)	(0)	(0)	(600)	20592
4000	1600	3292	2530	Yes	Yes	7464	(306)	(0)	(0)	(1200)	20687
5000	2000	2492	2590	Yes	Yes	7224	(383)	(0)	(0)	(1500)	20730
6000	2400	1692	2650	Yes	Yes	6984	(459)	(0)	(0)	(1800)	20774
7000	2800	892	2710	Yes	Yes	6744	(536)	(0)	(0)	(2100)	20817
8000	3200	0	2798	Yes	Yes	6484	(612)	(0)	(0)	(2400)	20776
9000	3556	0	2618	Yes	Yes	6264	(689)	(0)	(0)	(2700)	21356
10000	3556	0	2438	No	Yes	6024	(765)	(0)	(0)	(3000)	18253
15000	2842	0	1538	No	Yes	4824	(1148)	(0)	(420)	(4200)	18436
20000	1789	0	0	No	Yes	3624	(1530)	(0)	(560)	(5200)	18123
22000	1368	0	0	No	Yes	3084	(1683)	(260)	(616)	(5400)	18493
23000	1157	0	0	No	No	0	(1760)	(452)	(644)	(5400)	15901
25000	736	0	0	No	No	0	(1913)	(794)	(700)	(5400)	16929
30000	0	0	0	No	No	0	(2295)	(1628)	(840)	(5400)	19837
50000	0	0	0	No	No	0	(3825)	(5187)	(1400)	(5400)	34188

Notes: In adding the numbers across each row to get total income, negative values are in parentheses. See the next page for the assumptions used in this table.

Notes for Table 1:

1. Sources: U.S. House of Representatives, 1996 (<http://aspe.os.dhhs.gov/96gb/08tanf.txt>), HUD Fair Market Rent and Income Eligibility data 1996 (<http://www.huduser.org/data/asthse/fmrdata/hud96pa.txt>), and Pennsylvania Income Tax Form PA-40, 1996 (<http://www.revenue.state.pa.us/forms/pit/1996/index.htm>)
2. The annual income eligibility limit (very low limit) in Philadelphia was \$22200, and the annual fair market rent was \$10176 for a three bedroom apartment, and \$8136 for a two bedroom apartment. The actual rent paid by the public housing recipient is the $\max\{0.3 \cdot \text{Adjusted Income}, 0.1 \cdot \text{Gross Income}, \text{welfare shelter deduction}\}$. Adjusted income has deductions of \$480 per child per year and child care costs. This table assumes the family receives a two-bedroom apartment.
3. Medicaid is valued at its annual average expenditure in Pennsylvania for an AFDC family with one adult and two children: \$919 per child, and \$1469 per adult. The total is therefore \$3307 for this family.
4. AFDC benefits assume these deductions: \$1440 annual (\$120 monthly) standard allowance, which would drop to \$1080 annual (\$90 monthly) after one year on the job and child care costs equal to 20 percent of earnings, up to maximum of \$4200 per year (\$350 per month) for two children. The EITC, food stamps, Medicaid, public housing, and taxes are not counted in the AFDC calculation. Because of these deductions, AFDC benefits fall by 8 percent for the first \$2000 of earnings, and by 80 percent thereafter. The statutory tax rate is 100 percent.
5. The food stamp program assumes these deductions: 20 percent of earnings, \$1608 annual (\$134 monthly) standard deduction, and child care costs equal to 20 percent of wages, up to a maximum of \$3840 per year (\$320 per month) for two children. The maximum food stamp payment for a family with zero income is \$3756 per year (\$313 per month). Both earnings and AFDC are counted in the food stamp calculation. The statutory tax rate is 30 percent.
6. Federal and state taxes assume head of household tax rates in effect for 1996. The dependent care tax credit reduces tax liability at earnings of \$13,550 and above. Exemptions were \$2,550 per person in 1996, the standard deduction was \$5,900, the 15 percent bracket ended at \$32150 of taxable income, and the 28 percent bracket ended at \$83050 of taxable income. Eligible employment-related expenses are limited to \$4800 if there are two or more qualifying dependents. The 30 percent dependent care credit rate is reduced, but not below 20 percent, by one percentage point for each \$2000 (or fraction thereof) of adjusted gross income (AGI) above \$10000. The marginal tax rate in Pennsylvania was 2.8 percent.
7. Work expenses assumed to equal 10 percent of earnings up to maximum of \$1200 annually, plus child care costs equal to 20 percent of earnings up to a maximum of \$4200 annually for two children. for earnings of \$21000 and over.
8. Family would qualify for Medicaid at \$8000 of earnings because the mother, by law, would be deemed still an AFDC recipient, even though no AFDC would be paid; her calculated benefit would be below the minimum amount (\$10 monthly) payable.
9. Family would qualify for Medicaid for 12 months after leaving AFDC with \$9000 in earnings under the 1988 Family Support Act. State must offer Medicaid to all children up to age six whose family income is not above 133 percent of the Federal poverty guideline (ceiling of \$17290 for a family of three in 1996) and to children over age six born after September 30, 1983 (up to age ten years and four months in January 1996), whose family income is below the poverty guideline (\$12600 for a family of three).
10. None of the value of public or subsidized housing is counted as income of an Aid to Families with Dependent Children (AFDC) applicant or recipient in Pennsylvania (Urban Institute).
11. The credit rate for the EITC was 40 percent for families with two or more children until \$8890, and the phase-out rate was 21.06 percent for earnings between \$11610 and \$28495.
12. The incidence of the social security payroll tax is assumed to be equally shared between the worker and the employer.