

Net Income Calculations for Mothers Earning Minimum Wage In Selected States

Developed for the Secretaries' Innovation Group

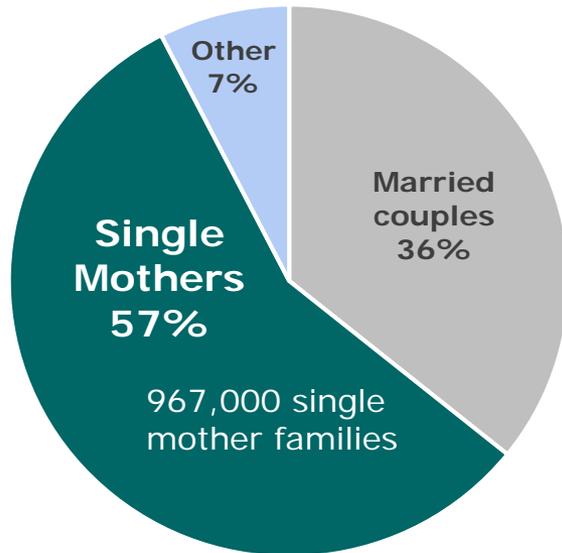
June 13, 2018 (Revised)

Erik Randolph
717-585-3953
erik@erikrandolphconsulting.com



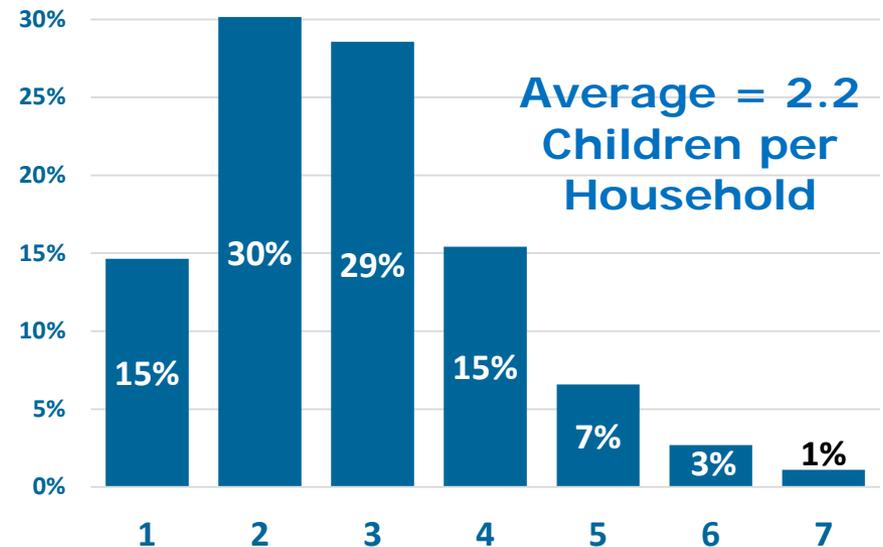
U.S. Data per 2016 American Community Survey, U.S. Census Bureau

Families in Poverty with Children under 18 Years of Age



Source: U.S. Census Bureau, Table S1702, ACS 2016—1 Year Estimates for the United States

Number of Children per Single Mother Household with at Least One Child under 18 Years of Age

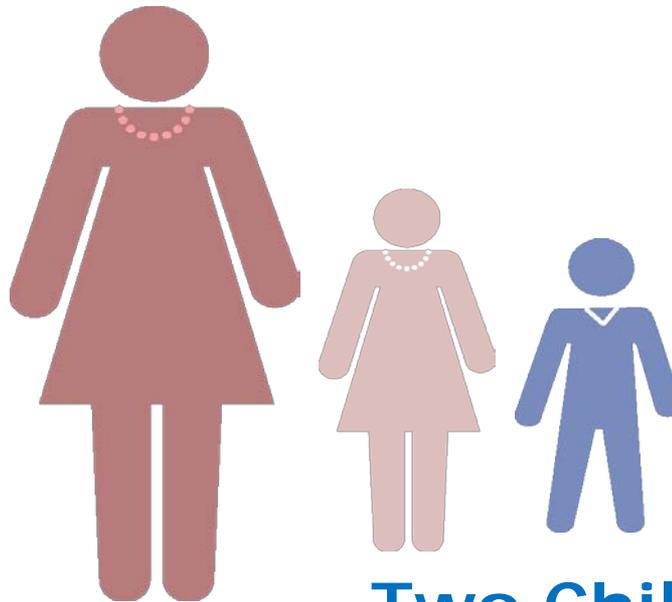


Calculation using ACA—1 Year Estimates for the United States using microdata from IPUMS-USA data (see below)

Microdata source: IPUMS-USA: Steven Ruggles, Katie Genadek, Ronald Goeken, Josiah Grover, and Matthew Sobek. *Integrated Public Use Microdata Series: Version 7.0* [dataset]. Minneapolis, MN: University of Minnesota, 2017. <https://doi.org/10.18128/D010.V7.0>

Single Mother

*Mom works full-time earning minimum wage



Two Children

- a girl
- a boy
- both in grade school

*No one in the family has a disability.

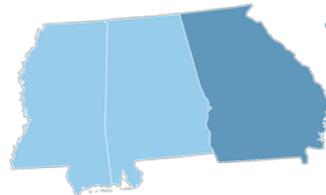
State Minimum Wage Law = Federal Rate

- Idaho
- Kansas
- Oklahoma
- Texas
- Wisconsin
- Indiana
- Kentucky



State Minimum Wage Law < Federal Rate

- Georgia (\$5.15/hour)



No state minimum wage law:

- Mississippi
- Alabama

Powered by Bing
© GeoNames, MSFT, Navteq

Note: When a state has no minimum wage law or a minimum wage rate less than the federal rate, then the federal rate applies.

Source: U.S. Department of Labor, "Minimum Wage Laws in the States" webpage, last updated January 1, 2018:
<https://www.dol.gov/whd/minwage/america.htm#stateDetails>

State	2018 Rate	Authority	Indexed to Inflation
Arizona	\$10.50	Voter referendum	Yes
Arkansas	\$8.50	Voter referendum	No
Florida	\$8.25	State Constitution ¹	Yes
Illinois	\$8.25	Statute	No
Maine	\$10.00	Statute	Yes ²
Maryland	\$10.10 ³	Statute	No
Massachusetts	\$11.00	Statute	No
Michigan	\$9.25	Statute	No
Missouri	\$7.85	Statute	Yes
Nevada	\$8.25 ⁴	State Constitution	Yes
New York	\$11.65 ⁵	Statute	No ⁶
Ohio	\$8.30 ⁷	State Constitution	Yes
Vermont	\$10.50	Statute	Yes

¹Florida's constitutional amendment passed by voter petition

²Maine has two more statutory increases, and the indexing to inflation begins in 2020.

³Effective Rate for July 1, 2018.

⁴Effective Rate for July 1, 2018, and only if employer does not offer health insurance.

⁵Weighted average. Does not include higher fast food worker rates.

⁶New York Law will incrementally raise all six rates until all equal \$15 per hour. The increased rates for five of the six categories are statutorily determined. Beginning on 12/31/2021, upstate New York rates increase annually based on economic indices until it reaches \$15.

⁷For employers with gross receipts of \$305,000 or more.

Source: Based on each state's agencies assigned to enforce labor laws and state laws.

Income from Wages

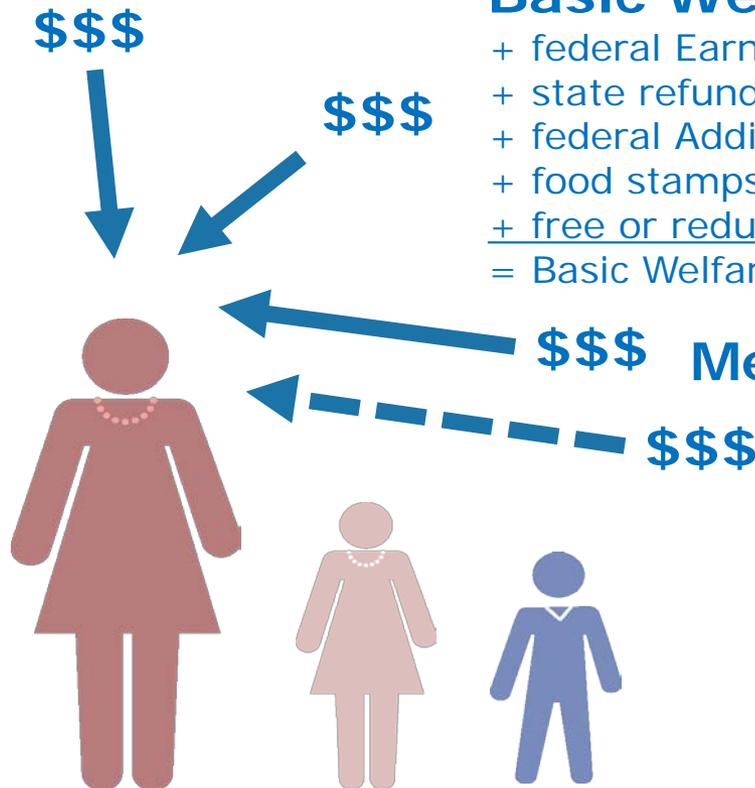
- + gross earnings
- FICA payroll taxes (7.65%)
- federal income taxes (excluding refundable tax credits)
- state income taxes (excluding refundable tax credits)
- = post-tax earnings

Basic Welfare Package¹

- + federal Earned Income Tax Credit
- + state refundable income tax credit
- + federal Additional Child Tax Credit
- + food stamps (i.e., SNAP)
- + free or reduced-cost school meals
- = Basic Welfare Package

\$\$\$ Medicaid²

\$\$\$ Section 8 Housing Voucher³



Notes:

1. The family will very likely receive the basic package.
2. The children will very likely be on Medicaid. For mom, it will depend on whether her employer offers health insurance, and if not, whether she is eligible in her state for Medicaid.
3. Less likely the family will receive a Section 8 housing voucher. Less than 2 percent of the U.S. population get this benefit.

If the mother earns the federal minimum wage rate, she will owe no federal taxes. This is how lines 38 through 46 of IRS Form 1040 might look like for the following states: Alabama, Georgia, Idaho, Indiana, Kansas, Kentucky, Mississippi, Oklahoma, Texas, and Wisconsin.

Note there is no taxable income on line 43.

Form 1040 (2017) Page 2

Tax and Credits	38	Amount from line 37 (adjusted gross income)	38	15,080
	39a	Check <input type="checkbox"/> You were born before January 2, 1953, <input type="checkbox"/> Blind. Total boxes checked <input type="checkbox"/> 39a		
		if: <input type="checkbox"/> Spouse was born before January 2, 1953, <input type="checkbox"/> Blind.		
	b	If your spouse itemizes on a separate return or you were a dual-status alien, check here <input type="checkbox"/> 39b		
Standard Deduction for— • People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, \$6,350 Married filing jointly or Qualifying widow(er), \$12,700 Head of household, \$9,350	40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	9,350
	41	Subtract line 40 from line 38	41	5,730
	42	Exemptions. If line 38 is \$156,900 or less, multiply \$4,050 by the number on line 6d. Otherwise, see instructions	42	12,150
	43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	0
	44	Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>	44	0
	45	Alternative minimum tax (see instructions). Attach Form 6251	45	
	46	Excess advance premium tax credit repayment. Attach Form 8962	46	
	47	Add lines 44, 45, and 46	47	
	48	Foreign tax credit. Attach Form 1116 if required	48	
	49	Credit for child and dependent care expenses. Attach Form 2441	49	
	50	Education credits from Form 8863, line 19	50	
	51	Retirement savings contributions credit. Attach Form 8880	51	
	52	Child tax credit. Attach Schedule 8812, if required	52	0
	53	Residential energy credits. Attach Form 5695	53	
	54	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	54	
	55	Add lines 48 through 54. These are your total credits	55	0
	56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	56	0

Example using the highest minimum wage studied—New York City fast food worker (\$13.50 / hour)—the mother pays no federal income tax!

Although there is taxable income on line 43, the tax is completely offset by the Child Tax Credit on line 52.

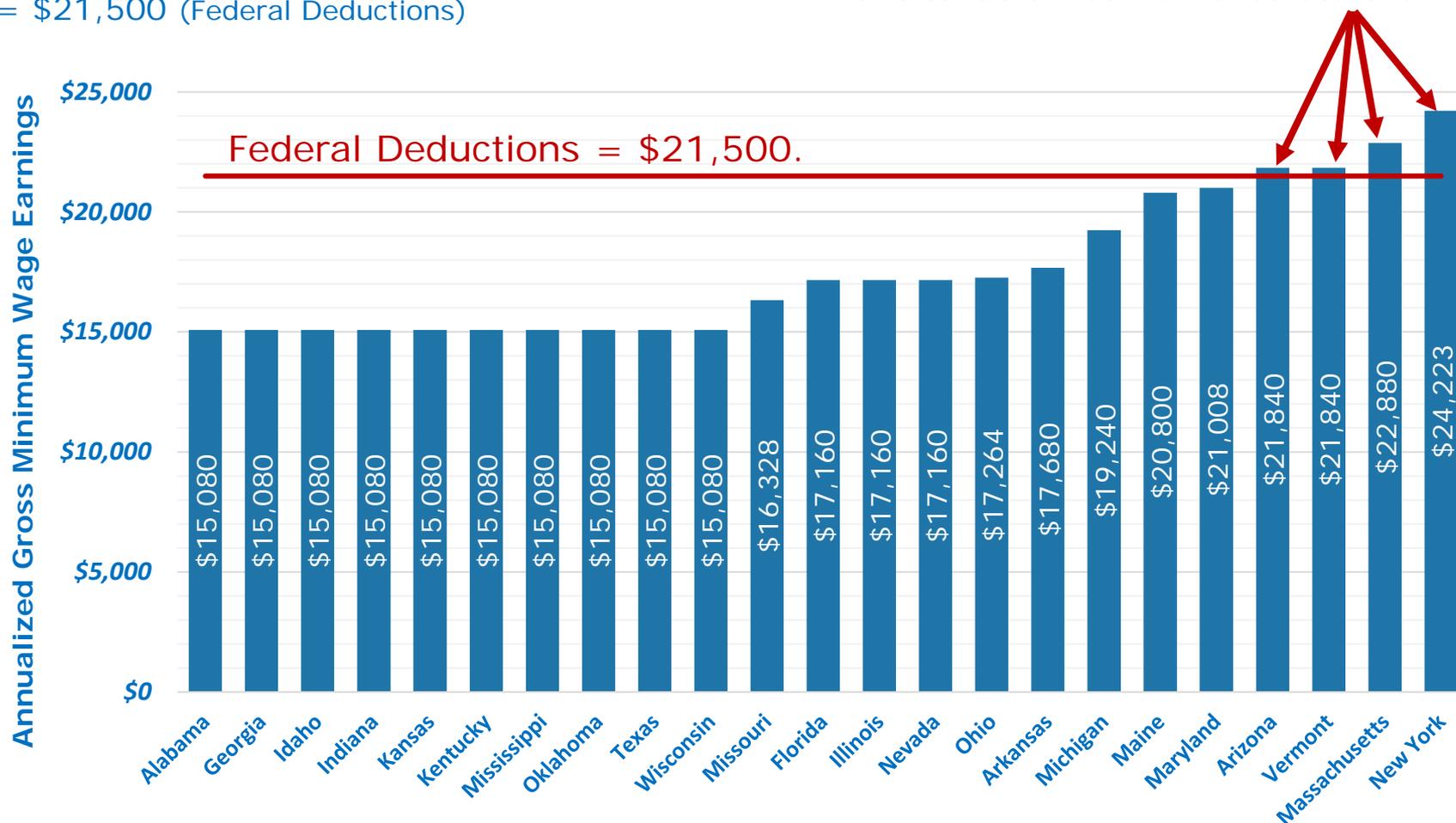
Form 1040 (2017) Page **2**

38 Amount from line 37 (adjusted gross income)		38	\$28,080
Tax and Credits	39a Check <input type="checkbox"/> You were born before January 2, 1953, <input type="checkbox"/> Blind, <input type="checkbox"/> Total boxes checked <input type="checkbox"/> 39a		
	if: <input type="checkbox"/> Spouse was born before January 2, 1953, <input type="checkbox"/> Blind, <input type="checkbox"/> Total boxes checked <input type="checkbox"/> 39b		
	b If your spouse itemizes on a separate return or you were a dual-status alien, check here <input type="checkbox"/> 39b		
Standard Deduction for— • People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions. • All others: Single or Married filing separately, \$6,350 Married filing jointly or Qualifying widow(er), \$12,700 Head of household, \$9,350	40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	9,350
	41 Subtract line 40 from line 38	41	18,730
	42 Exemptions. If line 38 is \$156,900 or less, multiply \$4,050 by the number on line 6d. Otherwise, see instructions.	42	12,150
	43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	\$6,580
	44 Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>	44	658
	45 Alternative minimum tax (see instructions). Attach Form 6251	45	
	46 Excess advance premium tax credit repayment. Attach Form 8962	46	
	47 Add lines 44, 45, and 46	47	
	48 Foreign tax credit. Attach Form 1116 if required	48	
	49 Credit for child and dependent care expenses. Attach Form 2441	49	
50 Education credits from Form 8863, line 19	50		
51 Retirement savings contributions credit. Attach Form 8880	51		
52 Child tax credit. Attach Schedule 8812, if required	52	658	
53 Residential energy credits. Attach Form 5695	53		
54 Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	54		
55 Add lines 48 through 54. These are your total credits	55	658	
56 Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	56	0	

Federal Deductions

$$\begin{aligned}
 & \$9,350 \text{ (Standard Deduction for HOH Filing Status)} \\
 + & \underline{\$12,150 \text{ } (\$4,050 \text{ personal exemption} \times 3)} \\
 = & \underline{\$21,500 \text{ (Federal Deductions)}}
 \end{aligned}$$

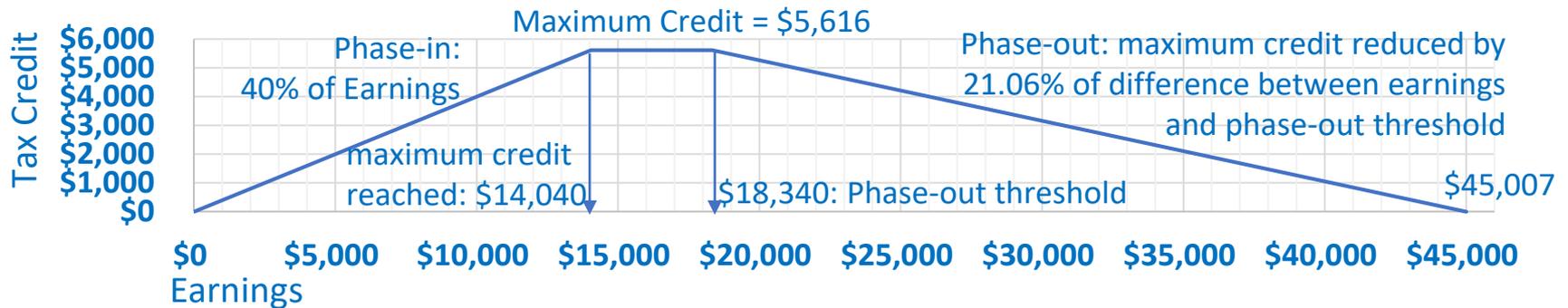
Cases in only four states—Arizona, Vermont, Massachusetts, and New York—have taxable income. Taxed at 10% Rate.



Assumes no other nonrefundable credits or higher itemized deductions. Again, Child Tax Credit completely offsets taxable income for the four states that have taxable income on Line 43.

One of the big three welfare programs: \$63.8 billion and 27 million tax filings in 2017. Benefit based on filing status, earnings, and number of qualifying children (0, 1, 2, or "3 or more").

Showing 2017 Earned Income Credit for Tax Filer with Two Qualifying Children



Excerpts, Earned Income Credit Table on Page 64 of the Instructions to IRS Form 1040*

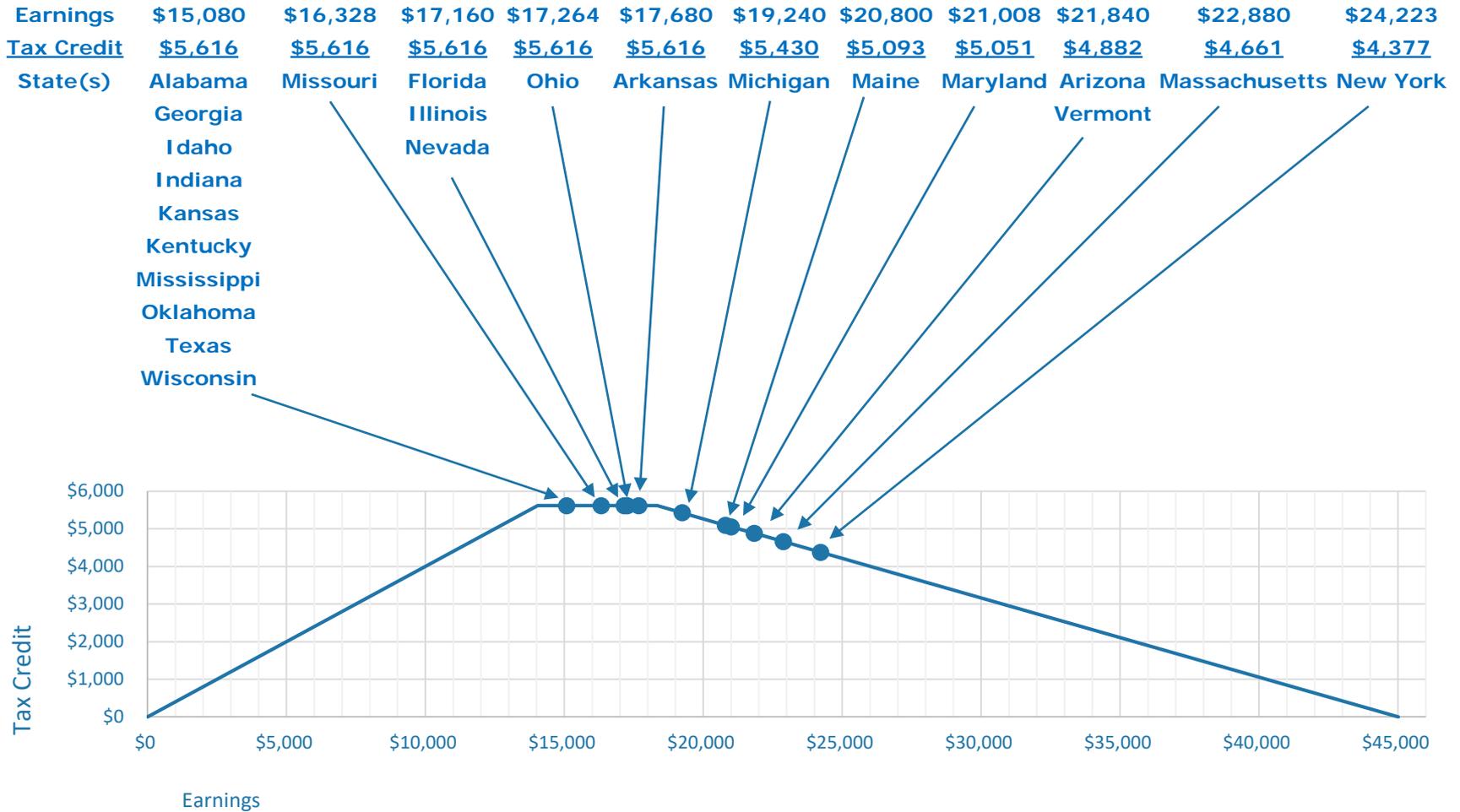
Earned Income Credit (EIC) Table - Continued

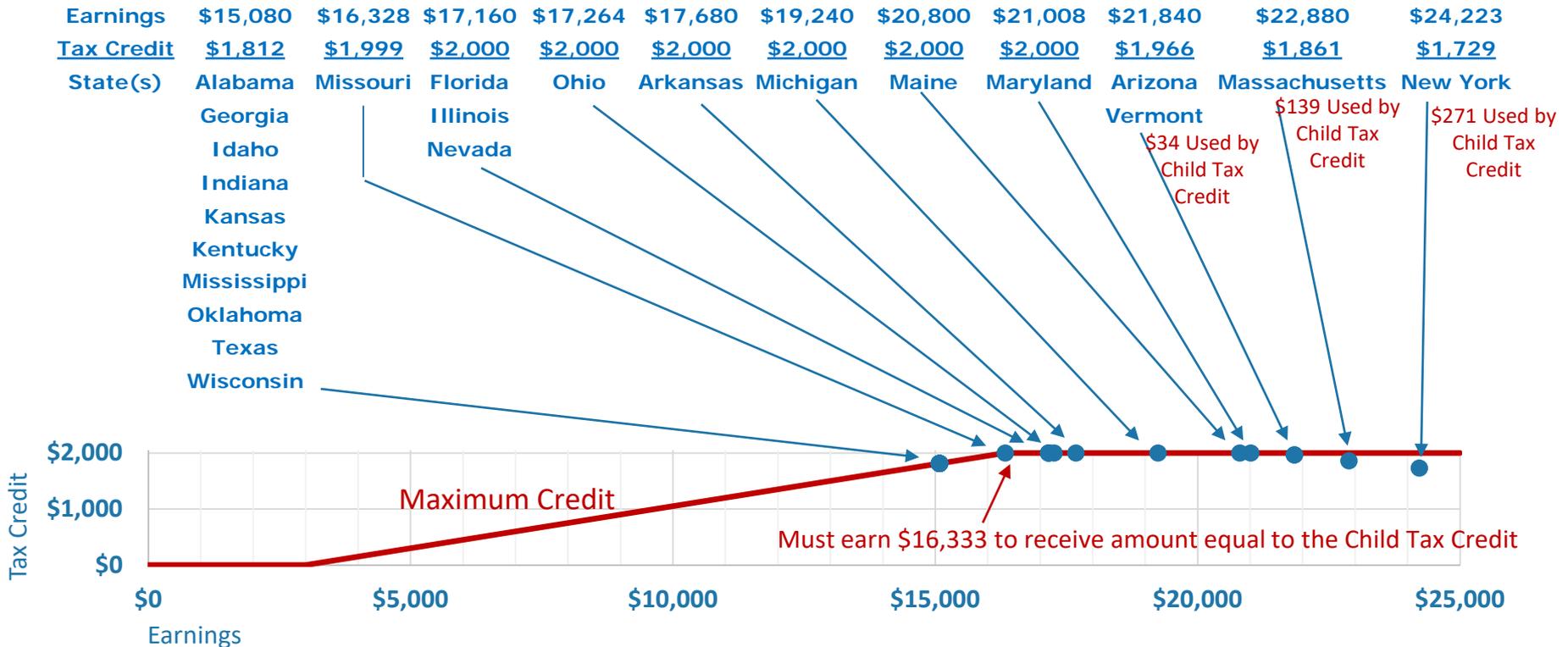
(Caution. This is not a tax table.)

If the amount you are looking up from the worksheet is--		And your filing status is--							
		Single, head of household, or qualifying widow(er) and the number of children you have is--				Married filing jointly and the number of children you have is--			
At least	But less than	0	1	2	3	0	1	2	3
15,000	15,050	0	3,400	5,616	6,318	426	3,400	5,616	6,318
15,050	15,100	0	3,400	5,616	6,318	423	3,400	5,616	6,318
15,100	15,150	0	3,400	5,616	6,318	419	3,400	5,616	6,318
15,150	15,200	0	3,400	5,616	6,318	415	3,400	5,616	6,318
18,200	18,250	0	3,400	5,616	6,318	182	3,400	5,616	6,318
18,250	18,300	0	3,400	5,616	6,318	178	3,400	5,616	6,318
18,300	18,350	0	3,400	5,616	6,318	174	3,400	5,616	6,318
18,350	18,400	0	3,394	5,609	6,311	170	3,400	5,616	6,318

*Example for family earning the federal minimum wage in 2017

Family Placement on EITC Curve by State





The Additional Child Tax Credit provides a refund for families who do not earn enough to receive their full Child Tax Credit, allowing up to the full amount subject to sufficient earnings.

For a HOH family with two qualifying children, the refundable credit is calculated by taking:

- $15\% \times (\text{Earnings} - \$3,000)$, or
- $\$2,000 - \text{nonrefundable Child Tax Credit claimed}$,
- whichever is less.

State Income Taxes: Data Sources

The image displays a collection of state income tax forms for the year 2017. The forms are arranged in a grid-like fashion, overlapping slightly. Each form includes its respective state name, form number, and year. Some forms also feature state maps, barcodes, and specific instructions. The forms shown are:

- Alabama:** Georgia Form 500 (Rev. 06/22/17) Individual Income Tax Return, Georgia Department of Revenue, 2017 (Approved web version). Page 1.
- Arizona:** Arizona Form 140 Resident Personal Income Tax Return.
- Arkansas:** 2017 AR1000F ARKANSAS INDIVIDUAL INCOME TAX RETURN Full Year Resident.
- California:** DON'T STAPLE FOR 40 EFO00089 M 05-31-2017 IDAHO INDIVIDUAL INCOME TAX RETURN 2017.
- Florida:** (Not present in the image).
- Georgia:** Georgia Form 500 (Rev. 06/22/17) Individual Income Tax Return, Georgia Department of Revenue, 2017 (Approved web version).
- Illinois:** Illinois Department of Revenue 2017 Form IL-1040 Individual Income Tax Return. Over 80% of taxpayers file electronically. It is easy and you will get your refund faster. Visit tax.illinois.gov.
- Indiana:** Form IT-40 State Form 154 (R16 / 9-17) 2017 Indiana Full-Year Resident Individual Income Tax Return.
- Iowa:** (Not present in the image).
- Kansas:** K-40 (Rev. 7-17) DO NOT STAPLE 2017 KANSAS INDIVIDUAL INCOME TAX.
- Kentucky:** KENTUCKY INDIVIDUAL INCOME TAX RETURN Full-Year Residents Only 2017.
- Maine:** 2017 MAINE INDIVIDUAL INCOME TAX FORM 1040ME. For tax period 1/1/2017 to 12/31/2017 or 2017 to. *1702100*.
- Maryland:** MARYLAND FORM 502 RESIDENT INCOME TAX RETURN.
- Massachusetts:** Massachusetts Department of Revenue Form 1 Massachusetts Resident Income Tax Return.
- Michigan:** Michigan Department of Treasury (Rev. 07-17), Page 1 of 2. 2017 MICHIGAN Individual Income Tax Return MI-1040. Return is due April 17, 2018.
- Mississippi:** 2017 Wisconsin income tax 1. Mississippi Resident Individual Income Tax Return 2017. Print Form.
- Missouri:** Missouri Department of Revenue 2017 Individual Income Tax Return - Long Form MO-1040. For Calendar Year January 1 - December 31, 2017.
- Montana:** (Not present in the image).
- Nebraska:** (Not present in the image).
- Nevada:** (Not present in the image).
- New York:** Department of Taxation and Finance Resident Income Tax Return IT-201. New York State • New York City • Yonkers • MCTMT. For the full year January 1, 2017, through December 31, 2017, or fiscal year beginning ... 01012017.
- North Carolina:** (Not present in the image).
- Ohio:** Ohio Department of Taxation 2017 Ohio IT 1040 Individual Income Tax Return. DUE DATE: April 17, 2018. Please PRINT IN BLUE OR BLACK INK.
- Oklahoma:** OKLAHOMA RESIDENT INCOME TAX RETURN Form 511 2017.
- Texas:** (Not present in the image).
- Vermont:** 2017 VERMONT Income Tax Return FORM IN-111.

Note: Florida, Nevada, and Texas do not have state income taxes.

State	Minimum Wage	Annual Full-time Earnings	State Income Tax Liability	Refundable Tax Credits	Tax Paid/ Refund
Alabama	\$7.25	\$15,080	\$228	\$0	-\$228
Arizona	\$10.50	\$21,840	\$68	\$75	\$7
Arkansas	\$8.50	\$17,680	\$33	\$0	-\$33
Florida	\$8.25	\$17,160	No state income tax		
Georgia	\$7.25	\$15,080	\$66	\$0	-\$66
Idaho	\$7.25	\$15,080	\$0	\$0	\$0
Illinois	\$8.25	\$17,160	\$463	\$786	\$323
Indiana	\$7.25	\$15,080	\$196	\$505	\$309
Kansas	\$7.25	\$15,080	\$0	\$955	\$955
Kentucky	\$7.25	\$15,080	\$0	\$0	\$0
Maine	\$10.00	\$20,800	\$0	\$255	\$255
Maryland	\$10.10	\$21,008	\$341	\$1,364	\$1,023
Massachusetts	\$11.00	\$22,880	\$108	\$1,072	\$964
Michigan	\$9.25	\$19,240	\$308	\$326	\$18
Mississippi	\$7.25	\$15,080	\$20	\$0	-\$20
Missouri	\$7.85	\$16,328	\$9	\$0	-\$9
Nevada	\$8.25	\$17,160	No state income tax		
New York	\$11.65	\$24,223	\$371	\$1,903	\$1,532
Ohio	\$8.30	\$17,264	\$0	\$0	\$0
Oklahoma	\$7.25	\$15,080	\$0	\$0	\$0
Texas	\$7.25	\$15,080	No state income tax		
Vermont	\$10.50	\$21,840	\$12	\$1,562	\$1,550
Wisconsin	\$7.25	\$15,080	\$0	\$618	\$618

The Negative Income Tax System

State	Minimum Wage	Annual Full-time Gross Earnings	FICA Payments	State Refundable Tax Credits	State Tax Paid/Refund	Earned Income Tax Credit	Additional Child Tax Credit	State and Federal Refundable Tax Credits	Earnings after Taxes + Tax Credit Refunds	Increase Over Gross Earnings	Percent Over Gross Earnings
Alabama	\$7.25	\$15,080	-\$1,154	\$0	-\$228	\$5,616	\$1,812	\$7,428	\$21,126	\$6,046	40%
Arizona	\$10.50	\$21,840	-\$1,671	\$75	\$7	\$4,882	\$1,966	\$6,923	\$27,024	\$5,184	24%
Arkansas	\$8.50	\$17,680	-\$1,353	\$0	-\$33	\$5,616	\$2,000	\$7,616	\$23,910	\$6,230	35%
Florida	\$8.25	\$17,160	-\$1,313			\$5,616	\$2,000	\$7,616	\$23,463	\$6,303	37%
Georgia	\$7.25	\$15,080	-\$1,154	\$0	-\$66	\$5,616	\$1,812	\$7,428	\$21,288	\$6,208	41%
Idaho	\$7.25	\$15,080	-\$1,154	\$0	\$0	\$5,616	\$1,812	\$7,428	\$21,354	\$6,274	42%
Illinois	\$8.25	\$17,160	-\$1,313	\$786	\$323	\$5,616	\$2,000	\$8,402	\$23,787	\$6,627	39%
Indiana	\$7.25	\$15,080	-\$1,154	\$505	\$309	\$5,616	\$1,812	\$7,933	\$21,664	\$6,584	44%
Kansas	\$7.25	\$15,080	-\$1,154	\$955	\$955	\$5,616	\$1,812	\$8,383	\$22,309	\$7,229	48%
Kentucky	\$7.25	\$15,080	-\$1,154	\$0	\$0	\$5,616	\$1,812	\$7,428	\$21,354	\$6,274	42%
Maine	\$10.00	\$20,800	-\$1,591	\$255	\$255	\$5,093	\$2,000	\$7,347	\$26,556	\$5,756	28%
Maryland	\$10.10	\$21,008	-\$1,607	\$1,364	\$1,023	\$5,051	\$2,000	\$8,414	\$27,474	\$6,466	31%
Massachusetts	\$11.00	\$22,880	-\$1,750	\$1,072	\$964	\$4,661	\$1,861	\$7,594	\$28,616	\$5,736	25%
Michigan	\$9.25	\$19,240	-\$1,472	\$326	\$18	\$5,430	\$2,000	\$7,755	\$25,216	\$5,976	31%
Mississippi	\$7.25	\$15,080	-\$1,154	\$0	-\$20	\$5,616	\$1,812	\$7,428	\$21,334	\$6,254	41%
Missouri	\$7.85	\$16,328	-\$1,249	\$0	-\$9	\$5,616	\$1,999	\$7,615	\$22,685	\$6,357	39%
Nevada	\$8.25	\$17,160	-\$1,313			\$5,616	\$2,000	\$7,616	\$23,463	\$6,303	37%
New York	\$11.65	\$24,223	-\$1,853	\$1,903	\$1,532	\$4,377	\$1,729	\$8,009	\$30,007	\$5,785	24%
Ohio	\$8.30	\$17,264	-\$1,321	\$0	\$0	\$5,616	\$2,000	\$7,616	\$23,559	\$6,295	36%
Oklahoma	\$7.25	\$15,080	-\$1,154	\$0	\$0	\$5,616	\$1,812	\$7,428	\$21,354	\$6,274	42%
Texas	\$7.25	\$15,080	-\$1,154			\$5,616	\$1,812	\$7,428	\$21,354	\$6,274	42%
Vermont	\$10.50	\$21,840	-\$1,671	\$1,562	\$1,550	\$4,882	\$1,966	\$8,410	\$28,568	\$6,728	31%
Wisconsin	\$7.25	\$15,080	-\$1,154	\$618	\$618	\$5,616	\$1,812	\$8,046	\$21,972	\$6,892	46%

Families are subsidized between **24%** to **48%** above gross earnings.

Note: Based on assumptions stated thus far. Local income taxes were not considered.

Calculation Procedure*	Example: Upstate New York Family (10.40/hour)	
	Monthly	Annualized
1 Gross Income (Cannot exceed 130% of poverty level)**	\$1,803	\$21,632
2 – Twenty Percent of Earnings (Line 1 X 20%)	\$361	\$4,326
3 – Standard Deduction (From FNS Table)	\$158	\$1,893
4 – Dependent Care Costs (In order to hold down a job)	\$0	\$0
5 – Child Support Payments Made	\$0	\$0
6 – Medical Costs over \$35 monthly (Elderly or disabled only)	\$0	\$0
7 = Adjusted Income	\$1,284	\$15,413
8 One Half of Adjusted Income (line 7 ÷ 2)	\$642	\$7,706
9 Shelter Costs (Assumed FMR. Amount will vary.)	\$1,381	\$16,570
10 Shelter Costs over 1/2 Adjusted Income (Line 9 – Line 8)	\$739	\$8,863
11 Maximum Excess Shelter Costs Allowed (From FNS Table)	\$522	\$6,258
12 Excess Shelter Cost: Minimum of Line 10 and Line 11	\$522	\$6,258
13 Net Income (Line 7 – Line 11) (Cannot exceed 100% of poverty level)	\$763	\$9,155
14 Maximum Allotment (From FNS Table)	\$509	\$6,111
15 – 30% of Net Income (Line 13 X 30%)	\$229	\$2,746
16 = Final Food Stamp Allotment (Line 14 – Line 15)	\$280	\$3,365

Notes: * Values are weighted for Calendar Year 2017.

** Households with disabled or elderly members do not need to meet the gross income test.

New York—\$2,743

Massachusetts—\$3,065

Arizona and Vermont—\$3,315

Maryland—\$3,514

Maine—\$3,534

Michigan—\$3,939

Arkansas—\$3,991

Ohio—\$4,413

Florida, Illinois, and Nevada—\$4,438

Missouri—\$4,638

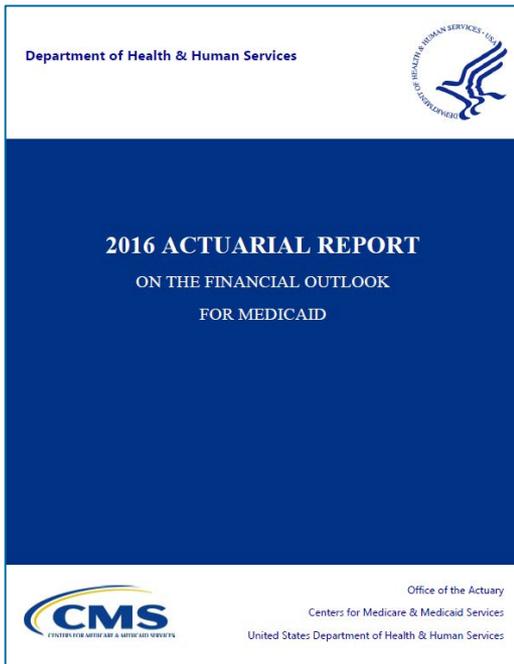
Alabama, Georgia, Idaho, Indiana, Kansas, Kentucky,
Mississippi, Oklahoma, Texas, and Wisconsin—\$4,937

Note: based on FMR rental costs. See report for calculations with no rental costs and Section 8 vouchers. The difference between the annual benefits from each scenario cannot exceed \$1,877.

State	Number of School Days		Number of Participants			Cost of Benefit Per Family
	Subsidized Lunches Served	Subsidized Breakfasts Served	Reduced Cost or Free Lunches	Reduced-Cost or Free Breakfasts	Percent Breakfast to Lunch	
Alabama	162	163	511,653	271,335	53%	\$1,315
Arizona	166	168	638,247	314,840	49%	\$1,348
Arkansas	166	166	314,020	184,856	59%	\$1,348
Florida	162	161	1,716,158	855,077	50%	\$1,315
Georgia	164	163	1,211,159	649,920	54%	\$1,332
Idaho	153	151	155,247	78,542	51%	\$1,242
Illinois	165	170	1,058,635	424,460	40%	\$1,340
Indiana	166	166	742,102	282,752	38%	\$1,348
Kansas	155	156	337,997	120,141	36%	\$1,259
Kentucky	158	158	525,319	311,921	59%	\$1,283
Maine	161	161	97,761	50,073	51%	\$1,307
Maryland	159	159	445,433	271,784	61%	\$1,291
Massachusetts	162	167	529,809	204,429	39%	\$1,315
Michigan	158	163	800,300	401,180	50%	\$1,283
Mississippi	166	166	371,355	203,724	55%	\$1,348
Missouri	162	164	586,892	283,818	48%	\$1,315
Nevada	172	173	224,490	139,239	62%	\$1,397
New York	160	168	1,662,930	759,318	46%	\$1,299
Ohio	162	162	994,005	449,359	45%	\$1,315
Oklahoma	154	154	442,818	231,500	52%	\$1,250
Texas	163	165	3,348,723	1,908,851	57%	\$1,324
Vermont	164	165	45,999	24,230	53%	\$1,332
Wisconsin	164	167	509,337	189,768	37%	\$1,332
Total	162	164	17,270,388	8,611,117	50%	\$1,321

Table 2—Estimated Enrollment, Expenditures, and Per Enrollee Expenditures, by Enrollment Category, Fiscal Year 2015

Eligibility Group	Enrollment ¹ (in millions)	Expenditures (in billions)	Per Enrollee Spending (2015)	Per Enrollee Spending (2014)	Percent Change
Children	28.1	\$95.4	\$3,389	\$3,126	8.4%
Adults	15.2	75.9	4,988	4,695	6.2
Expansion Adults	9.1	58.1	6,365	5,511	15.5
Persons with Disabilities	10.5	204.4	19,478	18,649	4.4
Aged	5.6	80.0	14,323	14,626	-2.1
Subtotal	68.6	513.7	7,492	7,202	4.0



Page 7 of Actuarial Report

Assumptions

- For every case, children receive Medicaid.
- For the mother, it depends on whether the employer offers her health insurance, and if not, whether she is eligible in her state.

Medicaid is the largest welfare program:

- 73.5 million enrollees, or
- 22 percent of the population
- at a cost of \$650 billion.
- By 2025, it may cost \$1 trillion.

Comparing Participation of Welfare Programs

- Medicaid: 22% of the U.S. population
- Food Stamps: 13% of the U.S. population
- Section 8 Housing Voucher Program: less than 2% of the U.S. Population

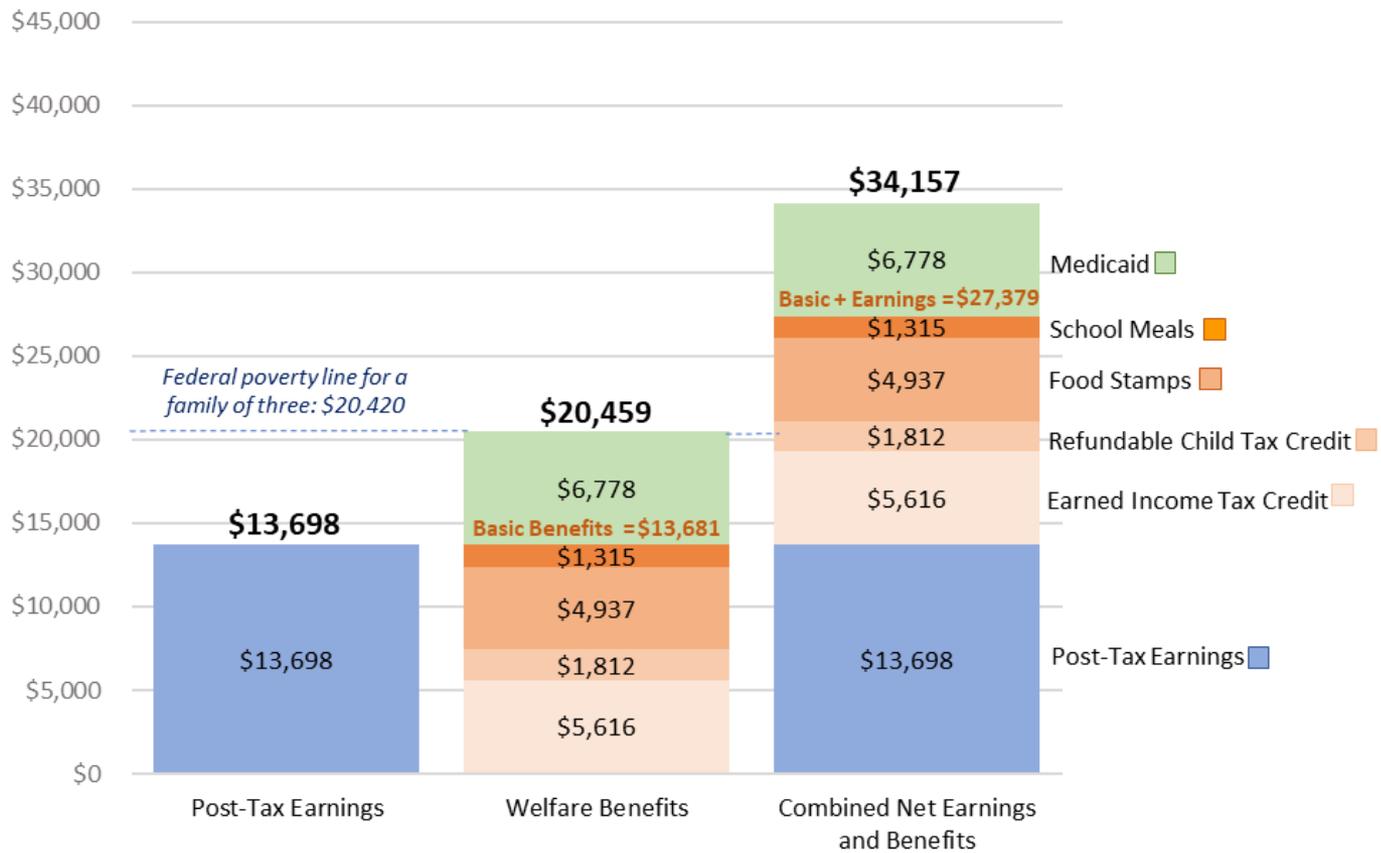
Computation of Tenant Payment and Voucher: New York City Fast Food Worker (\$13.50 per hour)

Gross Income	\$28,080
Deduction for Dependents	\$960
Adjusted Annual Income	\$27,120
30% of Adjusted Income	\$8,136
10% of Unadjusted Income	\$2,808
Minimum Payment	\$300
Tenant Total Payment (TTP)	\$8,136
Allowable Annual Rent (FMR)	\$25,224
Housing Choice Voucher Subsidy	\$17,088

State	Weighted Averages			Section 8 Housing Units	Estimated Voucher Subsidy
	Two Bedroom Apartment FMR	Three Bedroom Apartment FMR	Very Low Income Limit		
Alabama	\$787	\$1,045	\$25,895	35,615	\$8,302
Arizona	\$909	\$1,316	\$28,069	23,435	\$9,528
Arkansas	\$700	\$942	\$24,052	24,028	\$6,294
Florida	\$1,108	\$1,499	\$29,993	107,725	\$13,130
Georgia	\$907	\$1,201	\$28,920	64,538	\$10,181
Idaho	\$760	\$1,070	\$27,284	7,216	\$8,604
Illinois	\$1,126	\$1,442	\$34,438	103,691	\$12,448
Indiana	\$785	\$1,030	\$28,601	40,896	\$8,128
Kansas	\$821	\$1,121	\$30,712	13,221	\$9,213
Kentucky	\$739	\$1,010	\$27,734	36,439	\$7,881
Maine	\$834	\$1,128	\$29,080	13,146	\$7,579
Maryland	\$1,444	\$1,877	\$42,878	54,018	\$16,504
Massachusetts	\$1,381	\$1,734	\$41,212	91,021	\$14,233
Michigan	\$851	\$1,140	\$29,976	60,832	\$8,198
Mississippi	\$775	\$1,031	\$23,789	26,395	\$8,141
Missouri	\$841	\$1,133	\$30,921	44,134	\$8,988
Nevada	\$933	\$1,358	\$28,839	15,366	\$11,432
New York	\$1,451	\$1,864	\$40,249	273,626	\$15,388
Ohio	\$781	\$1,035	\$30,131	98,849	\$7,534
Oklahoma	\$789	\$1,077	\$28,705	24,888	\$8,691
Texas	\$930	\$1,252	\$29,684	164,365	\$10,787
Vermont	\$1,202	\$1,601	\$33,994	7,534	\$12,947
Wisconsin	\$839	\$1,108	\$32,028	30,805	\$9,060

CHART 1: ALABAMA

Single Mother with Two Children Earning Minimum Wage for Full Year, Receiving Basic Cash, Food, and Medical Benefits in Alabama

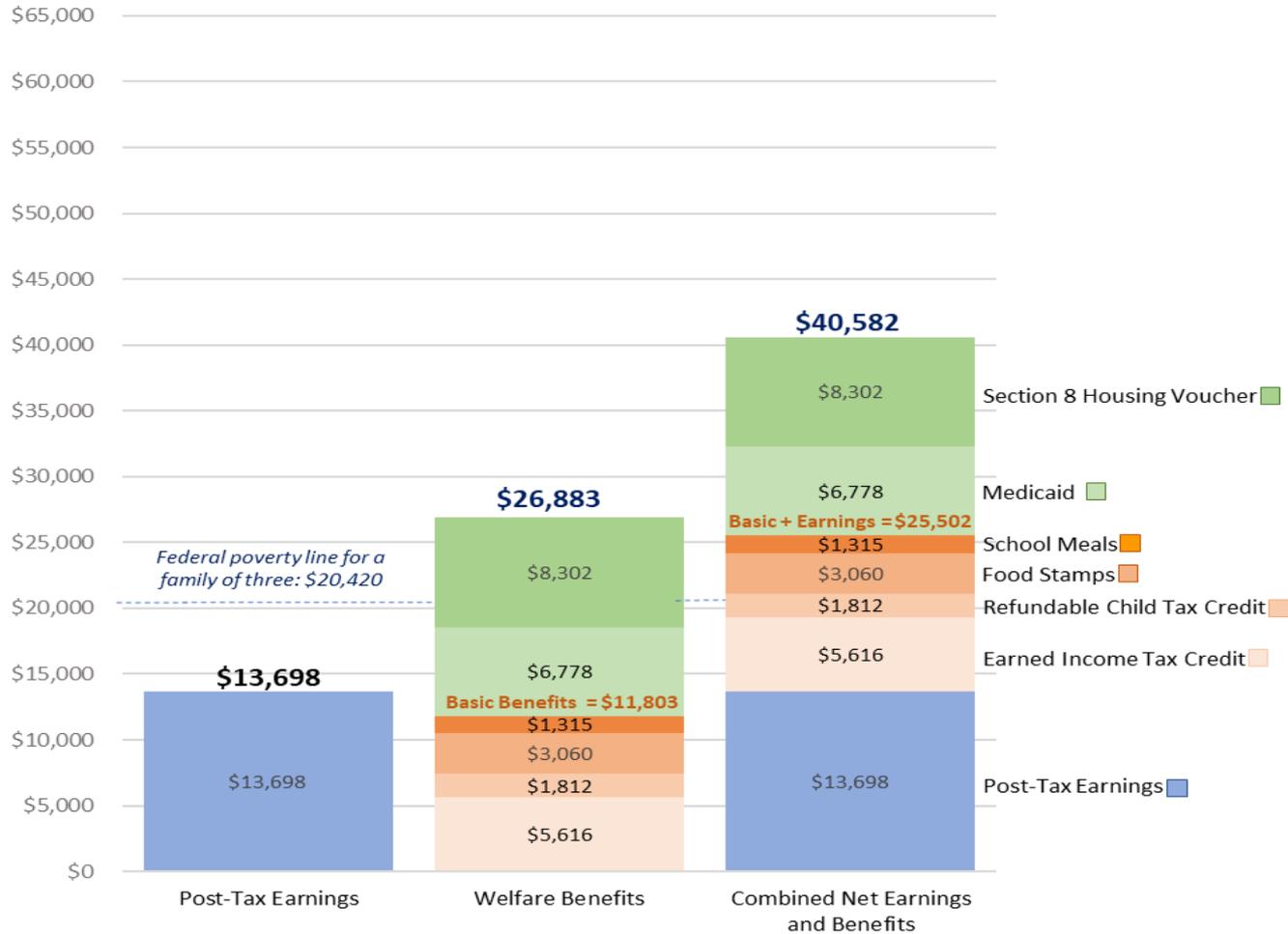


NOTES: 2017 data using minimum wage of \$7.25. The children are school-age, and mom's employer does not provide health insurance.

SOURCES: Author's calculations using data from the U.S. Department of Labor, IRS, Alabama Department of Revenue, FNS, and CMS.

CHART 2: ALABAMA

Single Mother with Two Children Earning Minimum Wage for Full Year, Receiving Basic Cash, Food, Medical, and Housing Benefits in Alabama

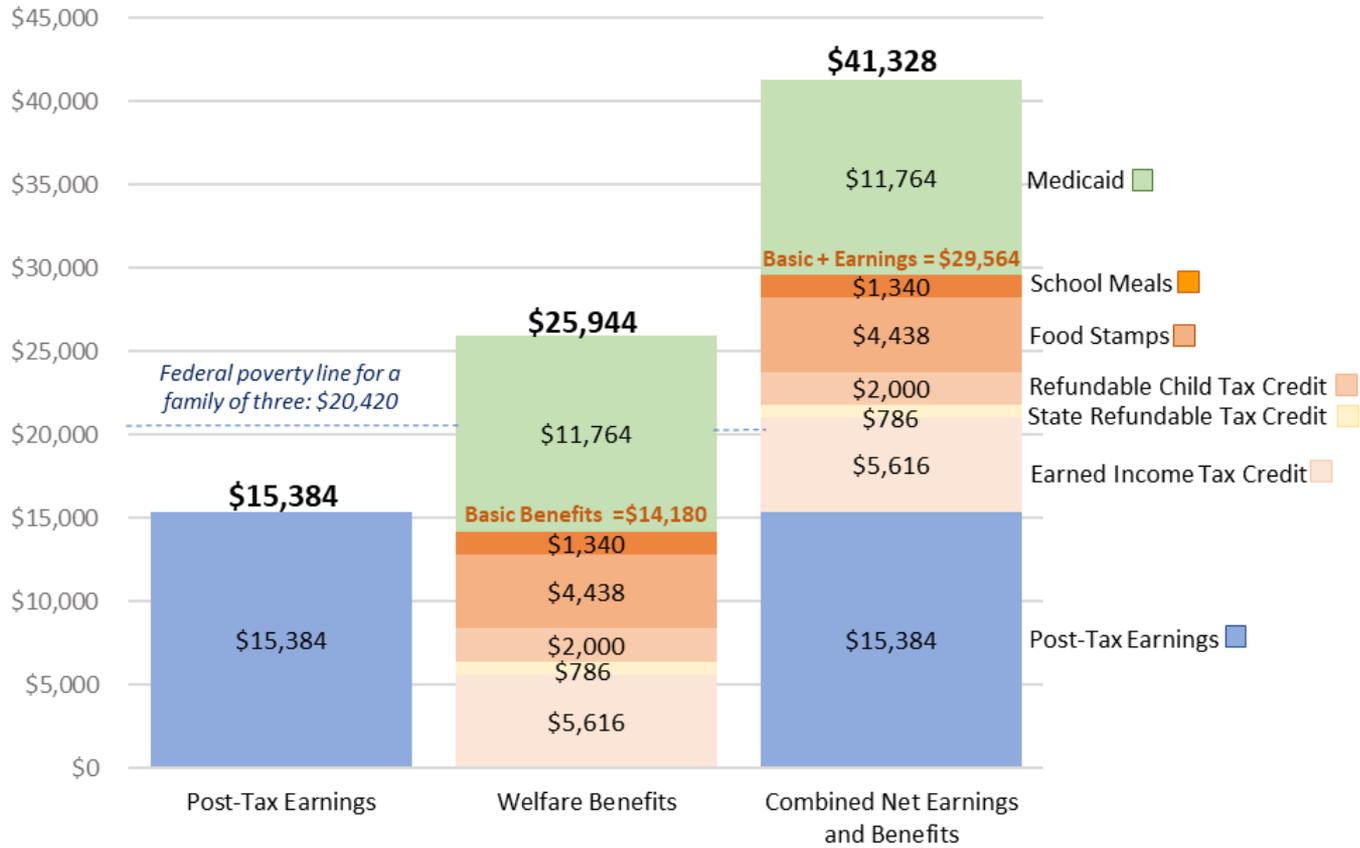


NOTES: 2017 data using minimum wage of \$7.25. The children are school-age, and mom's employer does not provide health insurance.

SOURCES: Author's calculations using data from U.S. Department of Labor, IRS, Alabama Department of Revenue, FNS, CMS, and HUD.

CHART 1: ILLINOIS

Single Mother with Two Children Earning Minimum Wage for Full Year, Receiving Basic Cash, Food, and Medical Benefits in Illinois

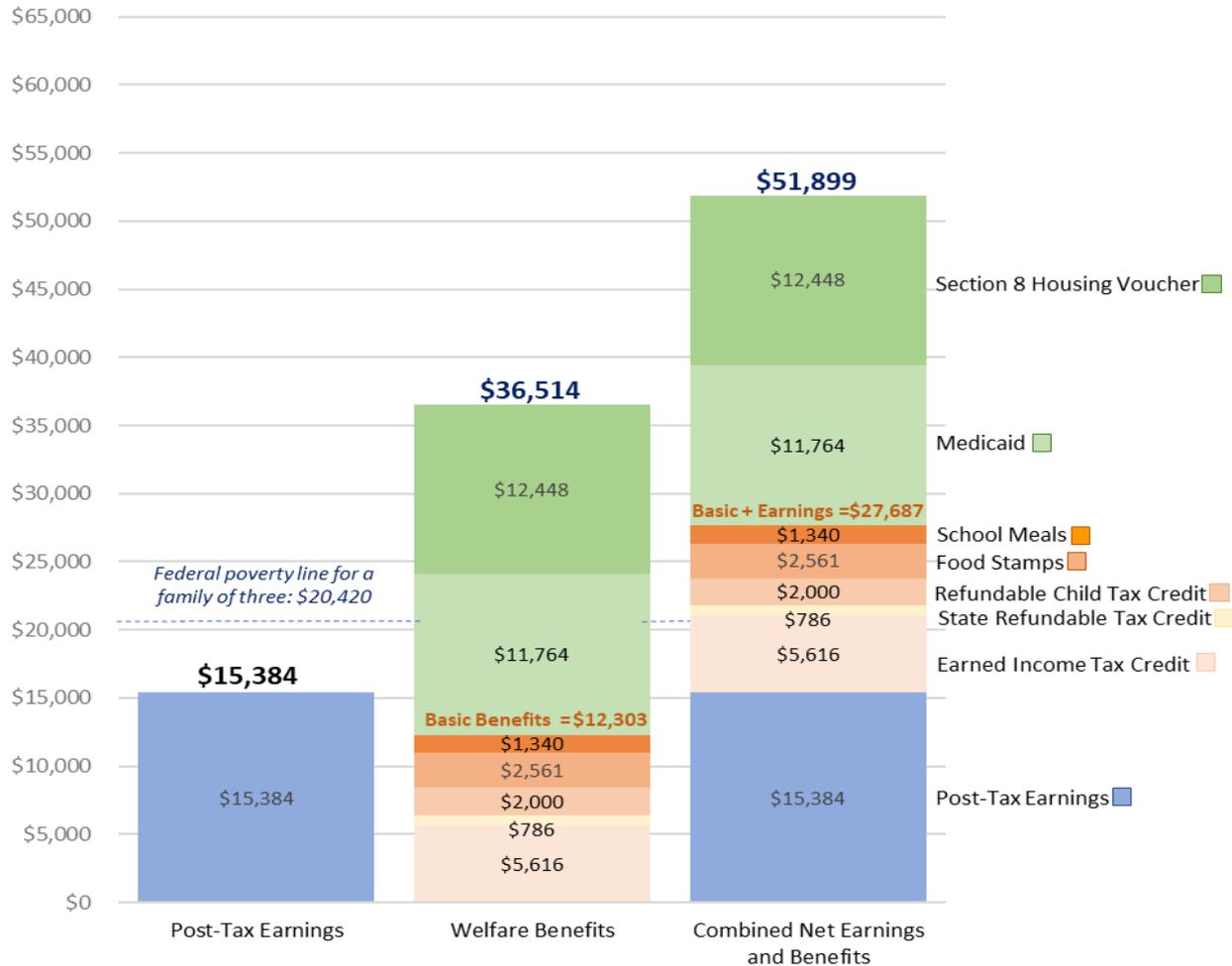


NOTES: 2017 data using minimum wage of \$8.25. The children are school-age, and mom's employer does not provide health insurance.

SOURCES: Author's calculations using data from the Illinois Department of Labor, IRS, Illinois Department of Revenue, FNS, and CMS.

CHART 2: ILLINOIS

Single Mother with Two Children Earning Minimum Wage for Full Year, Receiving Basic Cash, Food, Medical, and Housing Benefits in Illinois

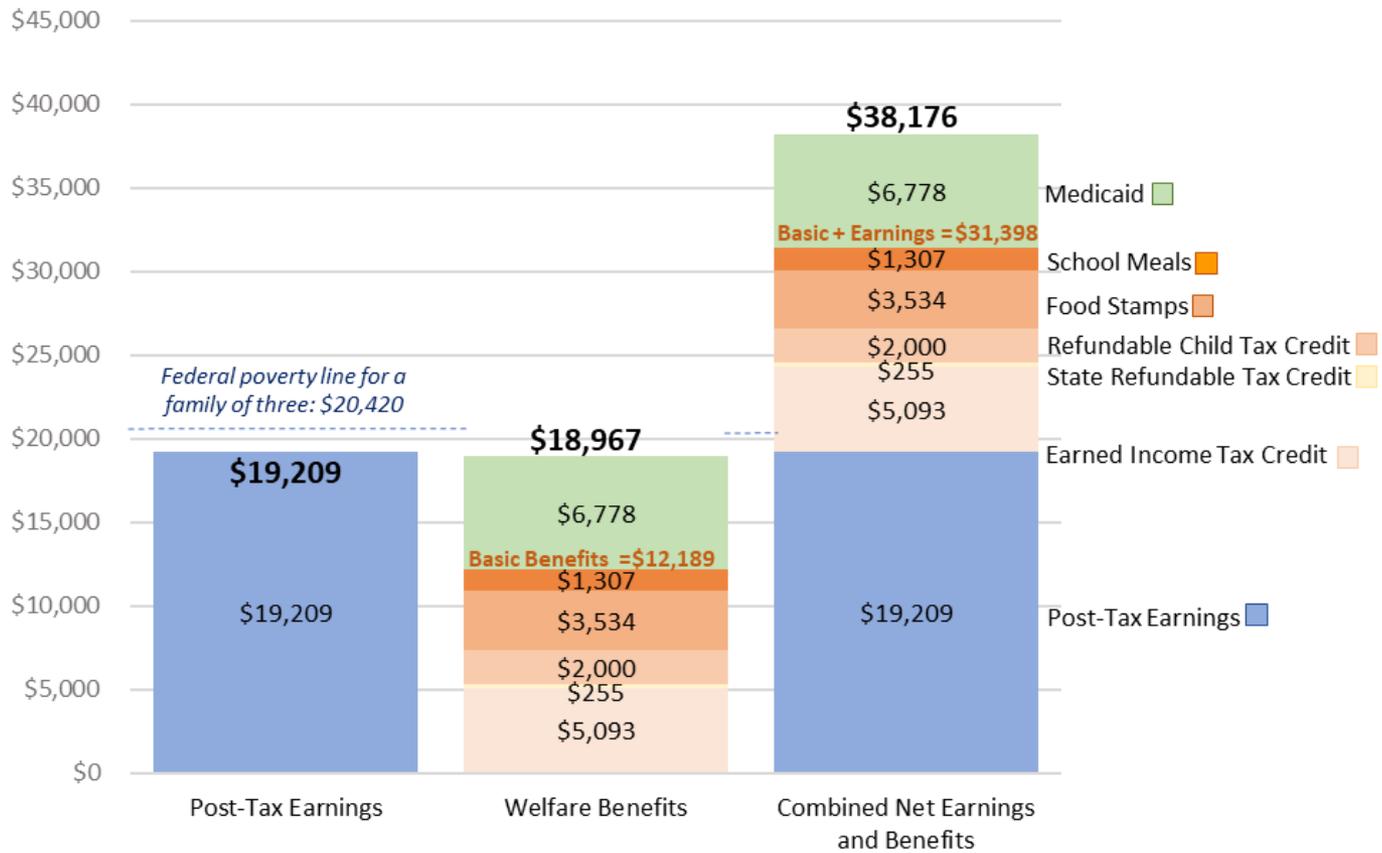


NOTES: 2017 data using minimum wage of \$8.25. The children are school-age, and mom's employer does not provide health insurance.

SOURCES: Author's calculations using data from Illinois Department of Labor, IRS, Illinois Department of Revenue, FNS, CMS, and HUD.

CHART 1: MAINE

Single Mother with Two Children Earning Minimum Wage for Full Year, Receiving Basic Cash, Food, and Medical Benefits in Maine

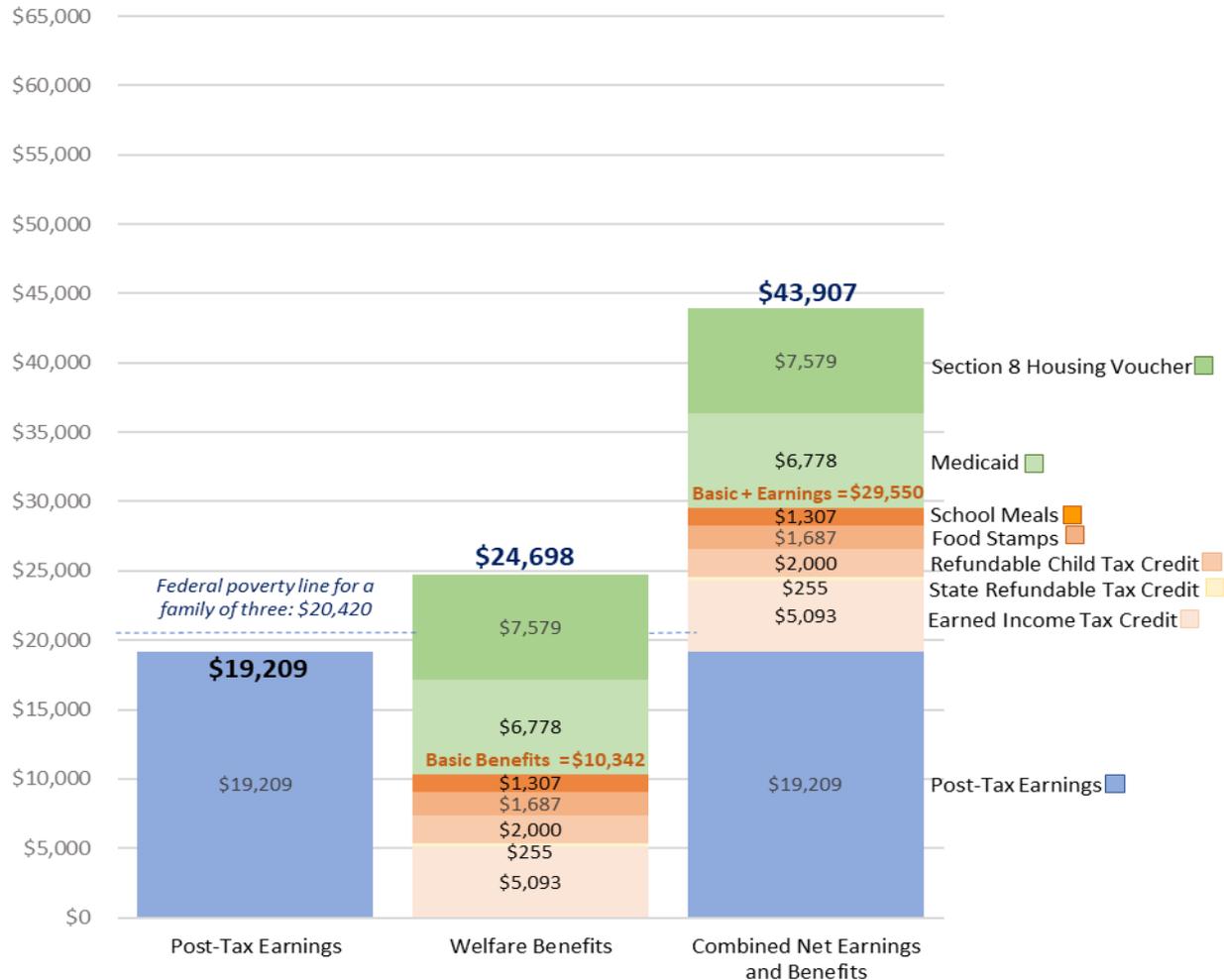


NOTES: 2017 data using minimum wage of \$10.00. The children are school-age, and mom's employer does not provide health insurance.

SOURCES: Author's calculations using data from the Maine Department of Labor, IRS, Maine Department of Administrative and Financial Services, FNS, and CMS.

CHART 2: MAINE

Single Mother with Two Children Earning Minimum Wage for Full Year, Receiving Basic Cash, Food, Medical, and Housing Benefits in Maine

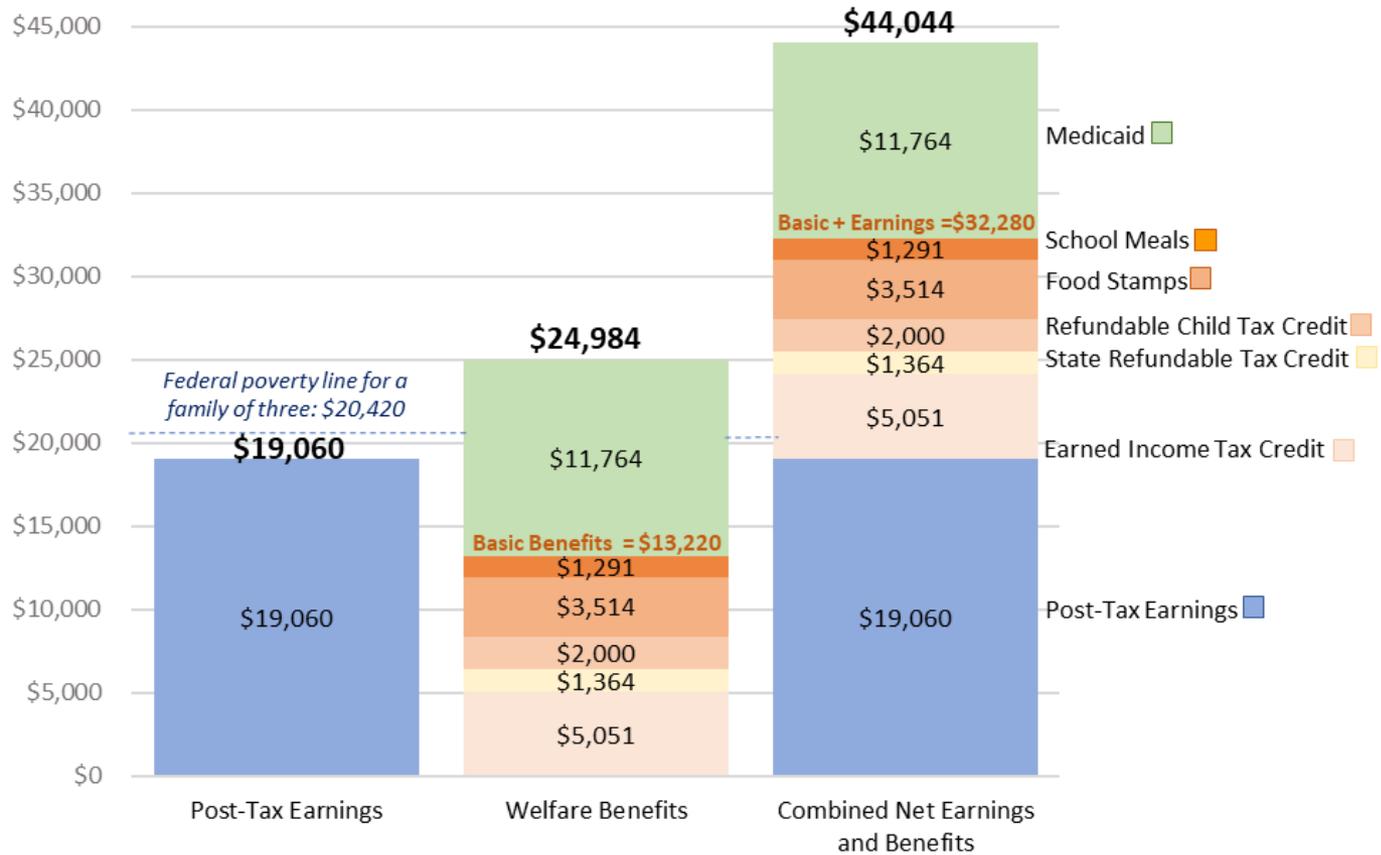


NOTES: 2017 data using minimum wage of \$10.00. The children are school-age, and mom's employer does not provide health insurance.

SOURCES: Author's calculations using data from Maine Department of Labor, IRS, Maine Department of Administrative and Financial Services, FNS, CMS, and HUD.

CHART 1: MARYLAND

Single Mother with Two Children Earning Minimum Wage for Full Year, Receiving Basic Cash, Food, and Medical Benefits in Maryland

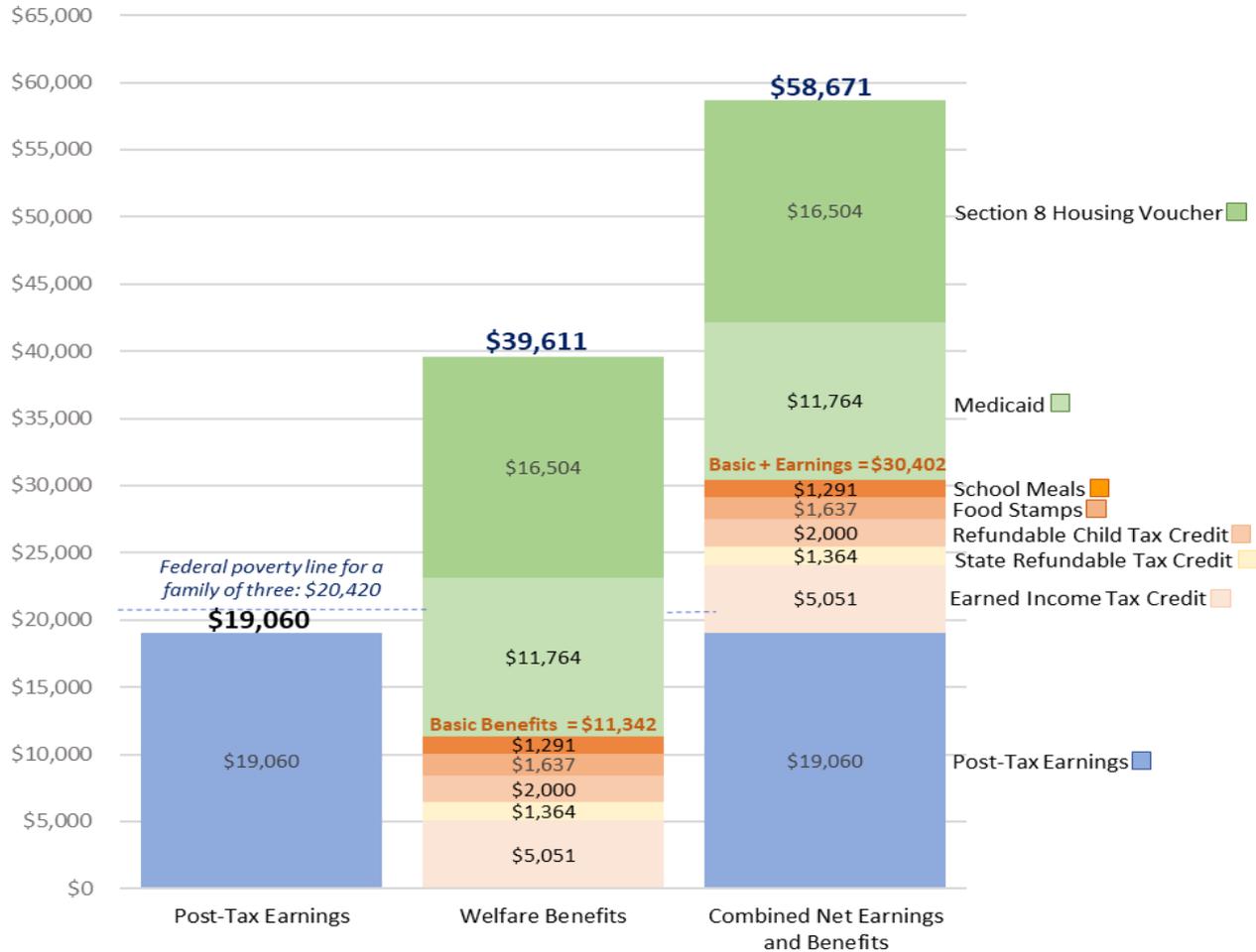


NOTES: 2017 data using minimum wage of \$10.10. The children are school-age, and mom's employer does not provide health insurance.

SOURCES: Author's calculations using data from the Maryland Department of Labor, Licensing and Regulation, IRS, Comptroller of Maryland, FNS, and CMS.

CHART 2: MARYLAND

Single Mother with Two Children Earning Minimum Wage for Full Year, Receiving Basic Cash, Food, Medical, and Housing Benefits in Maryland



NOTES: 2017 data using minimum wage of \$10.10. The children are school-age, and mom's employer does not provide health insurance.

SOURCES: Author's calculations using data from Maryland Department of Labor, Licensing and Regulation, IRS, Comptroller of Maryland, FNS, CMS, and HUD.

Questions

Discussion

Recommendations

Erik Randolph

erik@erikrandolphconsulting.com

717-585-3953