

# BOOSTING THE EARNED INCOME TAX CREDIT FOR SINGLES



Executive Summary

Final Impact  
Findings from  
the Paycheck Plus  
Demonstration in  
New York City



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# Overview

In 2017, one in five workers in the United States earned less than \$11.40 per hour. The substantial number of American workers earning such low wages reflects years of wage stagnation and growing inequality in the face of increased automation, international trade, and domestic outsourcing. Although these trends show no sign of letting up, the Earned Income Tax Credit (EITC) is one policy that has helped counter their effects. By providing a refundable credit at tax time, it is widely viewed as a successful public policy that is both antipoverty and pro-work. But most of its benefits have gone to workers with children. The maximum credit available to workers without dependent children — who have been buffeted by the same labor market forces — is just over \$500, and they lose eligibility entirely once their annual earnings reach \$15,000.

Paycheck Plus is a test of a more generous credit for low-income workers without dependent children. The program, which provides a bonus of up to \$2,000 at tax time, is being evaluated using a randomized controlled trial in New York City and Atlanta. This report presents findings through three years from New York, where over 6,000 low-income single adults without dependent children enrolled in the study in late 2013. Half of them were selected at random to be eligible for a Paycheck Plus bonus for three years, starting with the 2015 tax season.

## Main Findings

Although the program sought to mirror the process by which filers apply for the federal EITC, bonus receipt was not automatic with tax filing; participants had to actively apply each year. A majority of eligible participants received a bonus each year of the study, though bonus receipt fell over the three-year period as many participants cycled in and out of eligibility.

- Paycheck Plus increased after-bonus earnings (earnings after accounting for taxes and the bonus) and reduced severe poverty.
- The program modestly increased employment rates. Positive effects on employment were concentrated among women and the more disadvantaged men in the study.
- Providing individuals with information about employment services may increase the employment effects of Paycheck Plus.
- Paycheck Plus led to an increase in tax filing rates and the use of Volunteer Income Tax Assistance sites for tax preparation.
- The program also led to an increase in child support payments among noncustodial parents.

The findings are consistent with other research on the federal EITC, indicating that an effective work-based safety net program can increase incomes for vulnerable and low-income individuals and families while encouraging and rewarding work. Future reports from the project will include findings from Atlanta, covering a different policy environment and labor market.



## Preface

The labor market has changed dramatically over the past several decades, with an unprecedented period of stagnant wages and incomes for those in the bottom half of the job market. Reasons for these changes include technological developments, declining unionization, increased international trade, and, more recently, rising automation and domestic outsourcing. These trends are not likely to reverse any time soon, given the prospect of self-driving vehicles and the rise of the gig economy, in which a growing number of independent contractors work without the benefits associated with being a regular employee.

In the ongoing debate about how to address these trends, the Earned Income Tax Credit (EITC) has stood out as one policy success. It was introduced in the mid-1970s with a relatively small benefit and has been expanded several times since then, lifting millions of working parents and their children out of poverty. But it has never been expanded for workers without dependent children, who still only receive a maximum credit of about \$500 and lose eligibility entirely once they earn over \$15,000. This group of “singles” includes young workers just starting their careers, older workers whose children are grown, and parents who do not have custody of their children. All have faced the same sluggish wages over the past decades that workers with children have faced. Men’s employment and earnings have been especially hard hit by these long-run labor market trends and by the Great Recession.

The Paycheck Plus demonstration in New York City and Atlanta looks at the effects of offering this group a more generous credit, an idea that has been proposed by policymakers on both the left and the right. Because a one-time test cannot fully simulate the effects of a national program whose benefits would be widely known, findings from this demonstration can provide but a preliminary sense of the kinds of effects one might expect from a national rollout.

The findings, available from New York City so far, are encouraging. Not all study participants were eligible for the bonus each year it was offered, since some did not work during the year or worked and earned too much to qualify, mimicking eligibility dynamics for the federal EITC. But a majority of those who were eligible received the bonus. The program left them with higher after-bonus earnings (earnings after taxes and the bonus) and left fewer of them in severe poverty. Paycheck Plus also led to a modest increase in employment rates, an increase that was larger for women in the study and larger for a subgroup of particularly disadvantaged men. The effects for the more disadvantaged men are encouraging, given the challenges this group faces in the labor market.

For a significant number of workers in this new and changing labor market, the EITC continues to be an important part of the safety net. The findings here show that expanding this benefit can help make work pay again for low-wage workers.

Gordon L. Berlin  
President, MDRC



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The project would not have been possible without the work and dedication of several individuals and organizations, including Linda Gibbs, former New York City deputy mayor for Health and Human Services; Kristin Morse, former executive director of the New York City Mayor's Office for Economic Opportunity (NYC Opportunity); and several staff members at New York City's Human Resources Administration. We thank Carson Hicks and Jean-Marie Callan at NYC Opportunity for continued support and guidance throughout the project. We also thank Michele Ahern and her colleagues at the New York City Office of Child Support Services for assistance in implementing the program and for providing child support data. German Tejada, Arlene Sabdull, and Andy Nieto at Food Bank for New York City were instrumental in recruiting participants and delivering the Paycheck Plus bonus and tax services to participants. We also thank Dale Grant and Patricia Brooks of Grant Associates for assistance with designing and implementing the employment-referral services.

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At MDRC, Alexandra Bernardi coordinated Paycheck Plus program operations in New York City and contributed valuable insights for this report. Kali Aloisi processed the quantitative data, and Rachael Metz coordinated the production of the report. Leslyn Hall helped design the survey instrument and monitored its administration. Jennie Kaufman edited the report and Carolyn Thomas prepared it for publication.

The Authors



## Executive Summary

Over the past several decades, the U.S. labor market has been characterized by rising inequality and stagnating or falling real wages for lower-income workers. Although the current tight labor market is starting to generate modest wage increases at the lower end, the longer-term trends are expected to continue for low-wage workers with growing use of automation and both international and domestic outsourcing. Thus, there will continue to be a substantial number of workers whose full-time, full-year earnings would not lift a family out of poverty.

The Earned Income Tax Credit (EITC) was designed to assist the working poor and is widely viewed as a successful public policy that is both antipoverty and pro-work. Its primary effects are to increase the incomes of the working poor and to buffer the incomes of middle-class families when their earnings drop because of unemployment or reduced hours. By providing a refundable credit at tax time, the EITC has moved millions of adults and their children out of poverty and out of severe poverty.

But the generosity of the EITC varies substantially by the presence of dependent children. A low-income worker who is a single mother with two children, for example, can get a federal tax refund of up to \$5,616 at tax-filing time. If she had one child she would be eligible for up to \$3,400. If she had no children, the most she would receive is \$510. Recognizing these disparities, policymakers on both sides of the aisle have promoted the idea of expanding the credit for adults without dependent children.

Paycheck Plus is a test of that idea. The program, which provides up to \$2,000 at tax time to low-income working adults without dependent children, is being evaluated using a randomized controlled trial in two major American cities: New York City and Atlanta, Georgia. Paycheck Plus in New York City was funded by the New York City Mayor's Office for Economic Opportunity (NYC Opportunity), the Robin Hood Foundation, the Laura and John Arnold Foundation, the Edna McConnell Clark Foundation, the U.S. Department of Health and Human Services Office of Child Support Enforcement,<sup>1</sup> and the Chan Zuckerberg Initiative. MDRC worked with NYC Opportunity to design the demonstration and partnered with the New York City Human Resources Administration and Food Bank for New York City to implement the program. MDRC also evaluated its effects. The test in Atlanta is being funded by the Ford Foundation; the JPB Foundation; the Chan Zuckerberg Initiative; the Annie E. Casey Foundation; the W.K. Kellogg Foundation; the Kresge Foundation; the U.S. Department of Health and Human Services Office of Planning, Research, and Evaluation; the U.S. Department of Labor; and the Lifepath Project.

This report presents the impacts of Paycheck Plus in New York. (Future reports from the project will examine effects from Atlanta.) The report follows study participants for three years after enrollment to assess effects of Paycheck Plus on income, employment, and earnings using

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<sup>1</sup>The U.S. Department of Health and Human Services' Office of Child Support Enforcement, with the support of the New York State Office of Temporary and Disability Assistance, is providing funding to the demonstration in New York through a Section 1115 waiver.

administrative data and on a wider range of outcomes using a 32-month survey. The findings are consistent with research on the federal EITC for individuals with dependent children, showing that an EITC-like earnings supplement can also increase incomes and encourage work for individuals without dependent children, without creating work disincentives. However, while a generous EITC can provide an important safety net when earnings are low for a large group of workers, it is just one part of an effective safety net, since people can receive it only when they can find work.

## **Paycheck Plus**

Paycheck Plus tests the effects of a much more generous EITC for childless adults. Figure ES.1 compares Paycheck Plus with the current EITC for workers without dependent children. Under the current EITC, a worker loses eligibility for benefits once his or her earnings reach about \$15,000, and the maximum benefit that he or she can receive is \$510. Paycheck Plus increases the maximum amount to \$2,000 and expands eligibility up to \$30,000 so that more low-wage workers qualify for some benefit. As is the case with the federal EITC, some or all of the bonus may be intercepted to pay down child support debt owed by a parent required to pay child support.

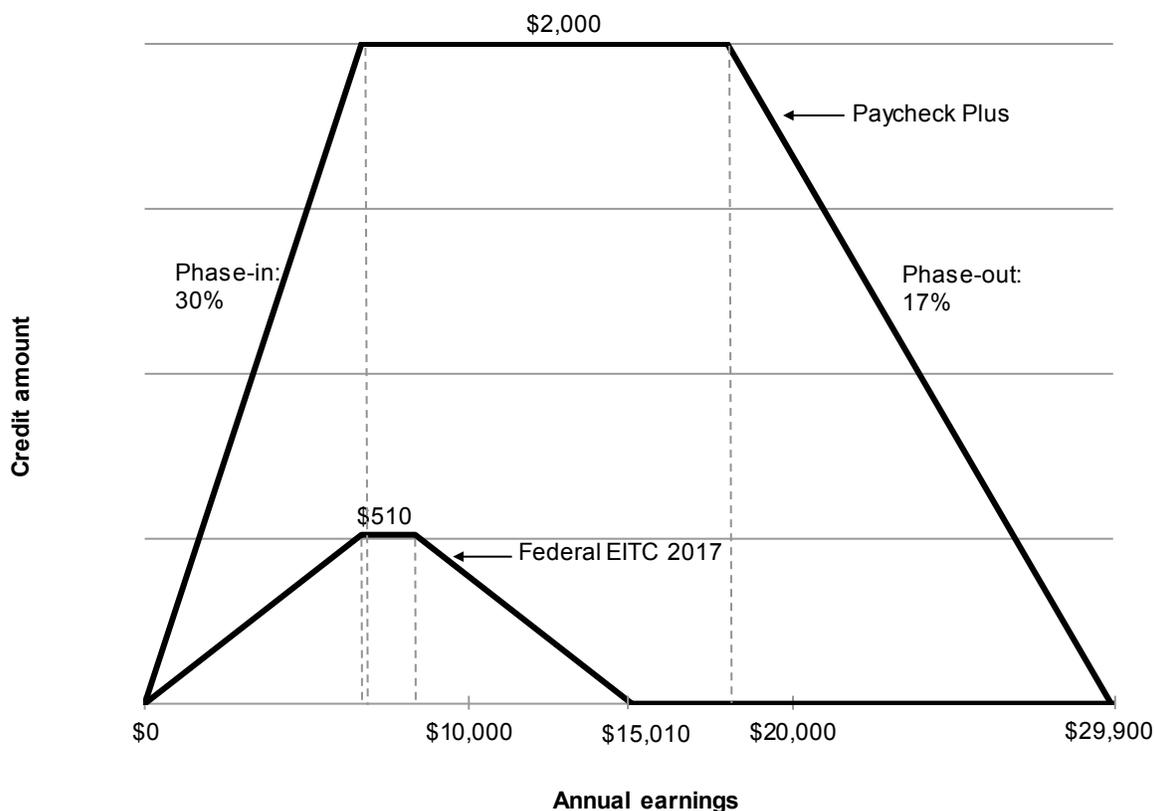
MDRC partnered with Food Bank for New York City (FBNYC) to run the project in New York. FBNYC directed its recruitment effort to organizations in its network and throughout the city that served populations who qualified for Paycheck Plus. Additional outreach was conducted through the New York City Human Resources Administration's cash assistance program, Supplemental Nutrition Assistance Program, and child support program. Between September 2013 and February 2014, the project recruited 6,000 single adults without dependent children to take part in the study, all of whom had earned less than \$30,000 in the previous year.

Once they agreed to enroll in the study, half the participants were assigned at random to a group whose members were offered Paycheck Plus and half were assigned to a group not offered the program but still able to claim existing tax credits. Individuals assigned to the Paycheck Plus group were given a brief explanation of the bonus on a take-home sheet that illustrated the bonus amounts for various earnings levels. The bonus was available to the program group for three years, payable at tax time in 2015, 2016, and 2017, based on earnings in the previous calendar year.

Paycheck Plus was designed so that the process of applying for and receiving the bonus would be as similar as possible to the federal EITC, even though it operated outside of the tax system. As with the federal EITC, an individual had to file federal income taxes and have earned income in the eligible range to receive the bonus. One important difference was that participants would need to apply each year to receive the bonus; they did not receive it automatically once they filed taxes. Applying for the bonus required them to identify themselves as Paycheck Plus participants if they filed taxes at one of FBNYC's Volunteer Income Tax Assistance (VITA) sites or, if they filed elsewhere, to bring copies of their tax documents to a VITA site. Once bonus amounts were determined, MDRC worked directly with FBNYC and its payment vendor to request, issue, and monitor the deposit of each bonus payment to a bank account or debit card.

Figure ES.1

Paycheck Plus Versus the Federal Earned Income Tax Credit (EITC)



SOURCES: Urban Institute and Brookings Institution Tax Policy Center; Paycheck Plus program documents.

NOTES: The "Federal EITC 2017" line illustrates the credit schedule for a single adult with no qualifying children.

The phase-in and phase-out rates for the federal EITC shown are 7.65 percent.

Because study participants had to take additional steps to apply for the bonus, the project team conducted substantial marketing and outreach to individuals in the program group, starting in spring 2014 and continuing in the months leading up to each tax season during which the bonus would be paid. The outreach efforts reminded participants about their eligibility for the program. Many study participants were likely to forget about Paycheck Plus as time passed, given the long gap between study enrollment and the payment of the first bonus and the yearlong period between the bonus payments. The outreach also reminded participants about the structure of the program, including the maximum bonus they might receive. As is the case with the existing EITC, the bonus schedule can be challenging to understand.

The study measures the effects of the more generous credit on a range of outcomes. The most important economic outcomes include income, employment, and earnings. The bonus should directly increase the incomes of those who receive it. By conditioning benefits on work,

the program might also encourage those not working to move into work. For those already working, the expected effects on earnings will depend on the level of earnings, since the bonus increases as earnings increase up to a point, stays constant as earnings increase up to a second point, and declines as earnings increase even further, as displayed in Figure ES.1. This phase-up, phase-down design, while necessary to target benefits to the lowest-income workers, raises the possibility that some workers might reduce their earnings to become eligible for a larger credit. Finally, increases in income and work could have other effects on participants, including reductions in material hardship, improvements in health and subjective well-being, increased child support payments, and reduced involvement with the criminal justice system.

The sample recruited for the study in New York reflects the diversity of low-wage workers. About 59 percent of the sample members were men, 47 percent were age 35 or older when they joined the study, 22 percent had not obtained a high school diploma or equivalent, and 18 percent had been incarcerated at some point in the past. In addition, 9 percent were noncustodial parents. Although nearly all participants had worked at some point in the past, about a third had no earnings in the year before they enrolled. Another 30 percent had worked in the previous year but earned less than \$7,000.

## Findings

- **A majority of eligible participants received a bonus each year of the study, although bonus receipt fell over the three-year period.**

Among those eligible for the bonus, meaning that they earned between \$1 and \$30,000 during the year and did not claim dependents when filing taxes, 64 percent received it in Year 1, 57 percent in Year 2, and 54 percent in Year 3. Among those who received a bonus in a given year, the average bonus received was about \$1,400.

It was expected that not all study participants would be eligible for the bonus every year. In fact, many low-income workers do not claim the federal EITC consistently from year to year, but cycle in and out of eligibility as their earnings increase or if they become unemployed.<sup>2</sup> The same was true for the Paycheck Plus study participants. Eligibility rates fell over time, from 70 percent in Year 1 to 54 percent in Year 3. Most of those who were not eligible in a given year did not have earnings. However, the biggest reason for the fall in eligibility from Year 1 to Year 3 was an increase in the number of participants earning more than \$30,000.

There are several possible reasons why all those who were eligible did not receive a bonus. First, not all eligible workers file taxes — those with very low earnings are not required to do so. That group would also be eligible for a relatively small bonus, and take-up rates were lowest for those who stood to receive a small amount. Second, bonus receipt was not automatic for those who filed, as it would be if it were part of the federal tax system, but required extra steps on the part of the worker. Finally, the fact that Paycheck Plus was a new stand-alone program

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<sup>2</sup>Tim Dowd and John B. Horowitz, “Income Mobility and the Earned Income Tax Credit: Short-Term Safety Net or Long-Term Income Support,” *Public Finance Review* 39, no. 5 (2011): 619-652.

also meant that some study participants could have forgotten about it by the time tax season arrived, may not have understood their eligibility for a bonus, or did not trust that it was a legitimate program. Receipt rates would probably be higher if the bonus were part of the tax code.

- **Paycheck Plus increased after-bonus earnings, or earnings after accounting for taxes and the bonus, and reduced severe poverty.**

Data from IRS tax records were used to estimate effects on earnings net of taxes and credits (including the federal EITC and the Paycheck Plus bonus). On average, the program group had annual after-bonus earnings of \$12,054 over the three-year period, compared with \$11,419 for the control group, for a statistically significant increase of \$635, or about a 6 percent increase (Table ES.1). This increase is averaged over the full sample, including those who never received a bonus; the effects were larger for bonus recipients.

Data from the 32-month survey provide information on total household income in the month before the survey. The program had no effect on average household income per member, in part because increases at lower income levels were offset by small reductions at higher income levels. However, the increases at lower income levels meant that Paycheck Plus reduced the incidence of severe poverty — 29.2 percent of the program group had incomes below 50 percent

**Table ES.1**

**Paycheck Plus Effects on Income and Poverty**

Outcome	Program Group	Control Group	Difference (Effect)
After-bonus earnings, Years 1-3 (\$)	12,054	11,419	635 ***
Household income at survey, per member (\$) <sup>a</sup>	16,210	16,259	-49
Income below 50% of poverty line (%)	29.2	32.6	-3.4 **
Income 50-100% of poverty line (%)	20.2	17.4	2.8 **
Income below poverty line (%)	49.4	50.0	-0.6

SOURCES: IRS tax forms, W-2s, and 1099-MISCs; Paycheck Plus 32-month survey.

NOTES: Estimates of effects on after-bonus earnings rely on IRS data, with a total sample size of 5,968. Estimates of effects on all other outcomes in the table rely on survey data, with a total sample size of 3,289.

Rounding may cause slight discrepancies in sums and differences.

After-bonus earnings refers to earnings plus credit amount minus taxes.

A two-tailed t-test was applied to differences between the outcomes of the program and control groups. Statistical significance levels are indicated as: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

<sup>a</sup>Income per household member is adjusted to account for differences in household size using the equivalence scales implicit in the weighted-average federal poverty thresholds.

of the poverty line, compared with 32.6 percent of the control group, for a statistically significant reduction of 3.4 percentage points. The program had no effect on the overall poverty rate, because most of its effect was to move individuals from severe poverty (less than 50 percent of the poverty line) to less-severe poverty (between 50 percent and 100 percent of the poverty line). The program did not lead to a reduction in material hardship, as measured using several survey questions about food insecurity, evictions, and inability to pay bills or buy necessities.

- **Paycheck Plus increased employment rates.**

Data from IRS tax records were also used to estimate effects on employment and earnings. Data for the control group show that over the three-year period, about 75 percent of study participants worked, although employment rates fell somewhat over time (Table ES.2). Paycheck Plus had no significant effect on employment in Year 1 but increased employment rates in Year 2 and Year 3, by 2.6 percentage points and 2.1 percentage points, respectively. It was expected that the program might take time to have effects, as participants learned about and began to trust that the bonus was legitimate. The effects in Years 2 and 3 are more likely to approximate the ongoing effects of a permanent program. Over the full three-year period, the program increased the average annual employment rate by 1.9 percentage points. The size of the impact on employment is within the range of what would have been predicted, given prior research on how responsive employment rates are to increases in the payoff to work.

The expected effects on earnings were less clear, given the different incentives the bonus creates along different parts of the schedule. The findings show that the effects do in fact differ by earnings level. The program led to statistically significant increases in earnings in the bottom half of the earnings distribution, while effects on earnings in the top half were negative but small and not statistically significant.

- **Providing individuals with information about employment services may make the employment effects of Paycheck Plus larger.**

Some individuals might have difficulty responding to the work incentives created by Paycheck Plus if they cannot find work or increase their earnings. To test whether additional employment support helps, half the program group members who reported earning less than \$10,000 in the year before study entry were assigned at random to an “employment-referral group.” This group was eligible for the bonus and eligible to receive information about and referrals to existing employment services in their area. The employment-referral group gained access to an admittedly light-touch information intervention, but one that might mimic how local nonprofits would respond if the EITC were made more generous for adults without dependent children.

The findings suggest that adding this employment information to the bonus may lead to larger effects on employment rates than just the bonus alone. The difference in effects between the policies with and without employment service information is not statistically significant, and

**Table ES.2**  
**Paycheck Plus Effects on Employment Rates**

Outcome	Program Group	Control Group	Difference (Effect)	Program Group	Control Group	Difference (Effect)	Difference Between Groups
<b><u>Full study sample</u></b>							
Year 1	79.7	78.8	0.9				
Year 2	76.4	73.8	2.6 ***				
Year 3	75.7	73.6	2.1 **				
Years 1-3	77.3	75.4	1.9 **				
<b><u>More disadvantaged men</u></b>				<b><u>Other men</u></b>			
Year 1	73.1	72.6	0.6	79.5	80.0	-0.5	
Year 2	60.6	58.4	2.1	79.0	78.8	0.2	
Year 3	62.4	56.6	5.8 **	76.6	78.0	-1.3	††
Years 1-3	65.4	62.5	2.8	78.4	78.9	-0.6	
<b><u>All women</u></b>				<b><u>All men</u></b>			
Year 1	84.0	81.8	2.3 *	76.7	77.0	-0.3	
Year 2	83.0	78.4	4.6 ***	71.7	71.0	0.7	†
Year 3	82.5	79.9	2.6 *	70.8	69.6	1.2	
Years 1-3	83.2	80.0	3.2 ***	73.1	72.5	0.5	†
Sample size (total = 5,968)							

SOURCES: IRS tax forms, W-2s, and 1099-MISCs.

NOTES: Employment is defined as having any earnings from wages or self-employment income. Rounding may cause slight discrepancies in sums and differences.

A two-tailed t-test was applied to differences between the outcomes of the program and control groups. Statistical significance levels are indicated as: \*\*\* = 1 percent; \*\* = 5 percent; \* = 10 percent. Statistical significance levels for differences across subgroup impacts are indicated as: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

the results should be interpreted with caution. Nonetheless, the pattern of results points toward a potential need for effective and accessible workforce and training services for low-income workers, even in the presence of policies that make work pay.

- **Effects on employment were concentrated among the more disadvantaged men in the study and among women.**

The study examines effects separately for several policy-relevant subgroups, selected because prior research suggested that they might respond differently to the bonus. The key subgroups were women compared with men, individuals with no or low earnings before study entry

compared with those with higher earnings, and more disadvantaged men compared with other men. The group of “more disadvantaged men” was defined to include men who had been incarcerated and men who were noncustodial parents ordered to pay child support, both of whom face particular barriers or disincentives in the labor market.

The findings show that the program’s effects on work were significantly larger in Year 3 for more disadvantaged men than for other men (Table ES.2). For example, Paycheck Plus increased employment rates in Year 3 by 5.8 percentage points (or 10 percent) for more disadvantaged men, compared with an insignificant difference of -1.3 percentage points for all other men. In addition, the program led to larger reductions in poverty and severe poverty for the former group. Effects on employment rates were also larger for women than for men, particularly in Year 2.

Finally, there is a pattern of larger effects on employment rates and earnings for those who did not work in the year before study entry (not shown). Although none of the differences in effects between this group and those with earnings were statistically significant, this pattern is consistent with the fact that the strongest work incentives from the program are for those on the margin of work versus not working.

- **Paycheck Plus led to an increase in tax filing rates and the use of VITA sites for tax preparation.**

In 2017, 61.6 percent of people in the control group filed their taxes. Paycheck Plus increased the filing rate by 5.5 percentage points, roughly similar to its effects in 2015 and 2016. The program also led to change in the methods used to prepare taxes, leading to an increase in the use of VITA sites. Low-income workers without dependent children typically do not file using VITA sites, as evidenced by the low rate for the control group — only 11.9 percent filed taxes using a VITA site in 2017. Paycheck Plus more than doubled that rate.

Filing at one of FBNYC’s VITA sites was not a requirement for bonus receipt, although it was strongly encouraged. The increase in the use of VITA sites probably reduced out-of-pocket spending on tax preparation for program group members, although it may have increased the time they had to wait for their taxes to be prepared.

- **Paycheck Plus led to an increase in child support payments among non-custodial parents.**

About 9 percent of study participants were noncustodial parents at study entry. This group, almost all of whom were men, also saw fairly large increases in employment and earnings in Year 3 as a result of Paycheck Plus. Data from child support records suggest that these results led to an increase in child support payments. In Year 3, for example, 65.2 percent of program group noncustodial parents made at least one child support payment, compared with 58.0 percent of control group parents, for an increase of 7.2 percentage points.

- **Paycheck Plus had few effects on other secondary outcomes, such as family formation, criminal justice involvement, and health status.**

Although income, poverty, and work are most directly affected by Paycheck Plus, the program could have an impact on other outcomes through effects on the primary ones. The study examined a range of secondary outcomes, including physical and mental health status, marital status and living arrangements, criminal justice involvement, and job characteristics, and found few detectable effects. The relatively modest increases in income and work for the full study sample (which includes those who did not receive a bonus) suggest that any secondary effects studied were likely to be small. The program did lead to a reduction in anxiety and depression, as measured using a well-known mental health scale. It is an interesting and encouraging finding, and one that is consistent with other research. However, it should be considered exploratory at this stage and needs to be confirmed, perhaps with findings from the test in Atlanta.

## Conclusion

In 2017, one in five workers in the United States earned less than \$11.40 per hour.<sup>3</sup> At this wage rate, someone working full time for the whole year would earn just \$22,800. These poverty-level wages reflect decades of changes in the labor market that are unlikely to be reversed in the near future. In fact, among the 10 occupations projected to add the most jobs to the economy over the next 10 years, 5 of them pay less than \$25,000 per year.<sup>4</sup>

The EITC has helped to counter these trends, but only for families with children. Paycheck Plus attempts to answer key questions concerning the effects of offering a more generous EITC to adults without dependent children. How many individuals are eligible and receive the bonus in a given year, and how much does it increase their incomes? Does it encourage more individuals to move into work, and does it reduce earnings among higher-income workers? Finally, by increasing income, does the bonus have any secondary effects, such as reducing material hardship, improving mental health, or increasing child support payments?

The findings for the Paycheck Plus test in New York City show that the program increased after-bonus earnings and reduced severe poverty. It generated small but positive effects on employment, especially for very disadvantaged men and for women. It increased the payment of child support among noncustodial parents, but it did not have secondary effects on other outcomes, such as material hardship, criminal justice involvement, or physical health.

The results are consistent with much other research on the EITC, indicating that an effective work-based safety net program can increase incomes for vulnerable and low-income individuals and families while encouraging and rewarding work. Future reports from the project

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<sup>3</sup>Economic Policy Institute, “Wages by Percentile,” *State of Working America Data Library* (2018), <https://www.epi.org/data/#?subject=wage-percentiles>.

<sup>4</sup>Bureau of Labor Statistics, “Occupational Outlook Handbook: Most New Jobs,” <https://www.bls.gov/ooh/most-new-jobs.htm> (last modified April 13, 2018). Occupational projections for 2016-2026 are based on 2017 median annual wage. Examples of these occupations include personal care aide, food service worker, and home health aide.

will include findings from Paycheck Plus in Atlanta, providing a test in a different policy environment and labor market. The lessons from Paycheck Plus in both cities will provide important information about the potential effects of expanding the EITC for low-income workers without dependent children.

## About MDRC

MDRC is a nonprofit, nonpartisan social and education policy research organization dedicated to learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York; Oakland, California; Washington, DC; and Los Angeles, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff members bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

Over the years, MDRC has brought its unique approach to an ever-growing range of policy areas and target populations. Once known primarily for evaluations of state welfare-to-work programs, today MDRC is also studying public school reforms, employment programs for ex-prisoners, and programs to help low-income students succeed in college. MDRC's projects are organized into five areas:

- Promoting Family Well-Being and Children's Development
- Improving Public Education
- Raising Academic Achievement and Persistence in College
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation's largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.