A MORE GENEROUS EARNED INCOME TAX CREDIT FOR SINGLES

Interim Findings from the Paycheck Plus Demonstration in Atlanta

OPRE Report 2020-28

February 2020

A More Generous Earned Income Tax Credit for Singles: Interim Findings from the Paycheck Plus Demonstration in Atlanta

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Overview

Introduction

Employment and wages have been rising over the last several years of the recovery from the Great Recession that ended in 2009. But the recent wage increases are not enough to offset decades of stagnating or even falling wages for many groups of low-wage U.S. workers. A central policy question is how to ensure that economic growth is shared more widely and that people who work are not poor. The Earned Income Tax Credit (EITC) is one option. By providing a refundable credit at tax time, it increases incomes and reduces poverty for millions of families. But as currently designed it does little for workers without dependent children, providing a very small credit targeted to those with the lowest earnings.

Paycheck Plus is a test of a policy that offers a more generous credit to low-income workers without dependent children. The program offers these workers a credit, referred to in the program as a bonus, of up to $2,000 at tax time and is being evaluated using a randomized controlled trial in New York City and Atlanta. Earlier findings from New York City indicate that the program increased after-bonus incomes and led to a small increase in employment rates.

This report presents interim findings from the test in Atlanta. To run the project, MDRC partnered with United Way of Greater Atlanta, which had recently assumed leadership of a large coalition of Volunteer Income Tax Assistance (VITA) programs. Between late 2015 and early 2016, over 4,000 low-income single adults were recruited to take part in the study. Half of them were selected at random to be eligible for the Paycheck Plus bonus for three years, starting with the 2017 tax season.

Primary Research Questions

1. How many adults in the study are eligible for and receive the bonus in each year? How much do they receive on average?

2. What are the effects of the offer of the bonus on employment rates, pretax earnings, and income, as measured with net annual earnings (after bonus and taxes)?

3. How do the effects of the offer of the bonus vary across different types of individuals, based on gender, level of disadvantage (among men), and earnings in the year before study entry?

Purpose

Paycheck Plus was tested in Atlanta to add to the evidence of how an expanded credit might work in a context different from that of New York City. The study will assess take-up rates of the bonus and its effects on employment, earnings, and income. The goal is to use the findings from both

cities to inform consideration — whether federal or state and local — of tax credit amounts for workers without dependent children.

Key Findings and Highlights

- **In each of the first two years, about half of participants with earnings in the eligible range received a bonus. Among those who received bonuses, the average amount received was $1,350.** The study targeted a broad group of low-income individuals, who often have variable employment and earnings from year to year, so it was expected that not all study participants would be eligible for a bonus each year. In fact, 68 percent of them were eligible for a bonus in Year 1, meaning that they worked and earned less than $30,000. Just over half of that group applied for and received a bonus in Year 1.

- **Paycheck Plus in Atlanta increased after-bonus earnings, or earnings after accounting for taxes and the bonus, in the first year.** After-bonus earnings were $10,595 on average for the program group during Year 1, compared with $9,822 for the control group, for a statistically significant increase of $773, or about 8 percent. This increase is estimated using the full sample of study participants, including the roughly 60 percent of individuals who never received a bonus.

- **The program did not increase employment rates or earnings through the first two years in Atlanta.** The offer of the bonus creates an incentive to work, but its expected effects on earnings are less clear, given the different incentives the bonus creates at different earnings levels, as it phases in and then phases out. The program did not increase employment rates, nor did it have effects, either positive or negative, on average earnings through the first two years.

- **Paycheck Plus led to an increase in tax filing rates and large increases in the use of VITA sites for tax preparation.** More individuals in the program groups filed their taxes in each year than in the control group, a difference of about 12 percentage points in Year 1. The program also encouraged many more participants to file using the free tax services offered at participating VITA sites. Filing at one of United Way's VITA sites was not a requirement for bonus receipt, although it was strongly encouraged.

- **The program in Atlanta did not affect child support payment rates among noncustodial parents.** Paycheck Plus might be expected to affect the payment of child support through the additional income provided by the bonus or through increased work or earnings. Among noncustodial parents in the study sample, no effects on child support payments were observed through Year 2.

Methods

Between October 2015 and April 2016, the project recruited just over 4,000 single adults without dependent children to take part in the study. Individuals were eligible for study enrollment if they were not married, had a valid Social Security number, were not planning to claim a dependent

child on their taxes in the subsequent year, were between the ages of 21 and 64, earned less than $30,000 in the prior year, and were not receiving or applying for Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI). Once eligible individuals agreed to participate, half of them were assigned at random to a group eligible for Paycheck Plus and half were assigned to a group not eligible for the program but still eligible for existing tax credits. Individuals assigned to the Paycheck Plus group were given a brief explanation of the bonus on a take-home sheet. The effects of the Paycheck Plus offer were estimated by comparing the full program group, including those who did not receive bonuses, with the full control group.

Data used for the study include basic demographic and background data collected from all study participants before study entry, unemployment insurance wage records from the Georgia Department of Labor, tax records from the Internal Revenue Service, and child support payment records from the Division of Child Support Services at the Department of Human Services in Georgia.

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Acknowledgments

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The Authors

Executive Summary

Workers at the lower end of the U.S. labor market do not earn much more than they did 30 to 40 years ago. And some groups earn less. Inflation-adjusted wages for workers with only a high school diploma, for example, were lower in 2018 than they were in 1973.[1] The decline in real wages has been especially large for men with a high school education or less. Although the current tight labor market has contributed to modest wage increases at the lower end over the past few years, the longer-term trends of stagnant real earnings continue to be reinforced by the growing use of automation, international and domestic outsourcing, and weakened unions.

The Earned Income Tax Credit (EITC) is a key federal policy designed to address low wages and earnings, providing a credit at tax time to eligible low-income workers. The credit is refundable, meaning that it is first used to pay any taxes owed, with the remainder paid to the recipient. A low-income worker who is a single mother with two children, for example, can get a federal tax refund of up to $5,716. The EITC is widely viewed by policymakers and researchers as a successful public policy, since it is both antipoverty and pro-work. It has become one of the most successful antipoverty programs in the country, estimated to lift nearly six million people out of poverty each year.[2]

But the policy has done relatively little for a large group of low-income workers — those without dependent children. The maximum credit available to workers without dependent children is $519, and once such workers earn just over $15,000 during the year, they lose eligibility for the credit entirely. Low-income unmarried workers without dependent children number over 20 million and include young women and men, parents with adult children, and noncustodial parents who do not live with their children but often help support them.[3]

There have been several proposals in recent years to expand the EITC to help make work pay and to offset the stagnant or declining real earnings of low-wage workers. Some proposals expand the credit for all workers, while others, aiming to reduce the disparity in the current policy, focus primarily on workers without dependent children. Paycheck Plus is a test of a proposal with the latter focus.

The Paycheck Plus Demonstration, being run and evaluated in New York City, New York, and Atlanta, Georgia, offers workers without dependent children a credit, referred to in the program as a bonus, of up to $2,000 at tax time and extends benefits to such workers earning up to $30,000 per year, twice the EITC maximum income limit of about $15,000. In each city, individuals who met the criteria were enrolled into the study and half of them were randomly selected

[1]Economic Policy Institute, "Wages by Education" (2019), *State of Working America Data Library,* website: www.epi.org.

[2]Center on Budget and Policy Priorities, *Policy Basics: The Earned Income Tax Credit* (Washington DC: Center on Budget and Policy Priorities, 2019), website: https://www.cbpp.org/research/federal-tax/policy-basics-the-earned-income-tax-credit.

[3]Calculations from the 2016 American Community Survey.

to be eligible for the Paycheck Plus bonus for three years. The other study participants were assigned to a control group, not eligible for Paycheck Plus but eligible for existing credits such as the EITC. The study tracks both groups over time to assess the policy's effects.

The program was tested first in New York City, and an earlier report presents effects in that city through three years.[4] In New York the offer of the more generous bonus increased workers' after-bonus income (earnings after accounting for taxes and the paycheck plus bonus) and led to a modest increase in employment over the three-year period. The program also led to an increase in tax filing rates and a large increase in the use of free tax preparation sites. The more generous bonus also increased child support payments among noncustodial parents, but it did not detectably impact a range of other secondary outcomes, such as material well-being, involvement in the criminal justice system, health status, or overall poverty.

This report presents early findings from Atlanta, showing effects during the first two years on bonus receipt, income, work, earnings, and child support payments. The findings show that eligibility for the Paycheck Plus program led to an increase in after-bonus income in the first year but did not increase employment rates or child support payment rates in either year. The program also generated an increase in tax filing and an increase in the use of free tax preparation sites. Receipt of the bonus was lower in Atlanta than in New York, a factor that may explain the smaller effects in Atlanta. A final report will present effects through three years in Atlanta.

Paycheck Plus in Atlanta is being funded by the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research, and Evaluation; the U.S. Department of Labor; the Ford Foundation; the Annie E. Casey Foundation; the W. K. Kellogg Foundation; the JPB Foundation; the Chan Zuckerberg Initiative; Arnold Ventures; The Kresge Foundation; and the European Union's Horizon 2020 Research and Innovation Programme Lifepath Project. 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, Arnold Ventures, the Edna McConnell Clark Foundation, the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement,[5] and the Chan Zuckerberg Initiative.

Paycheck Plus

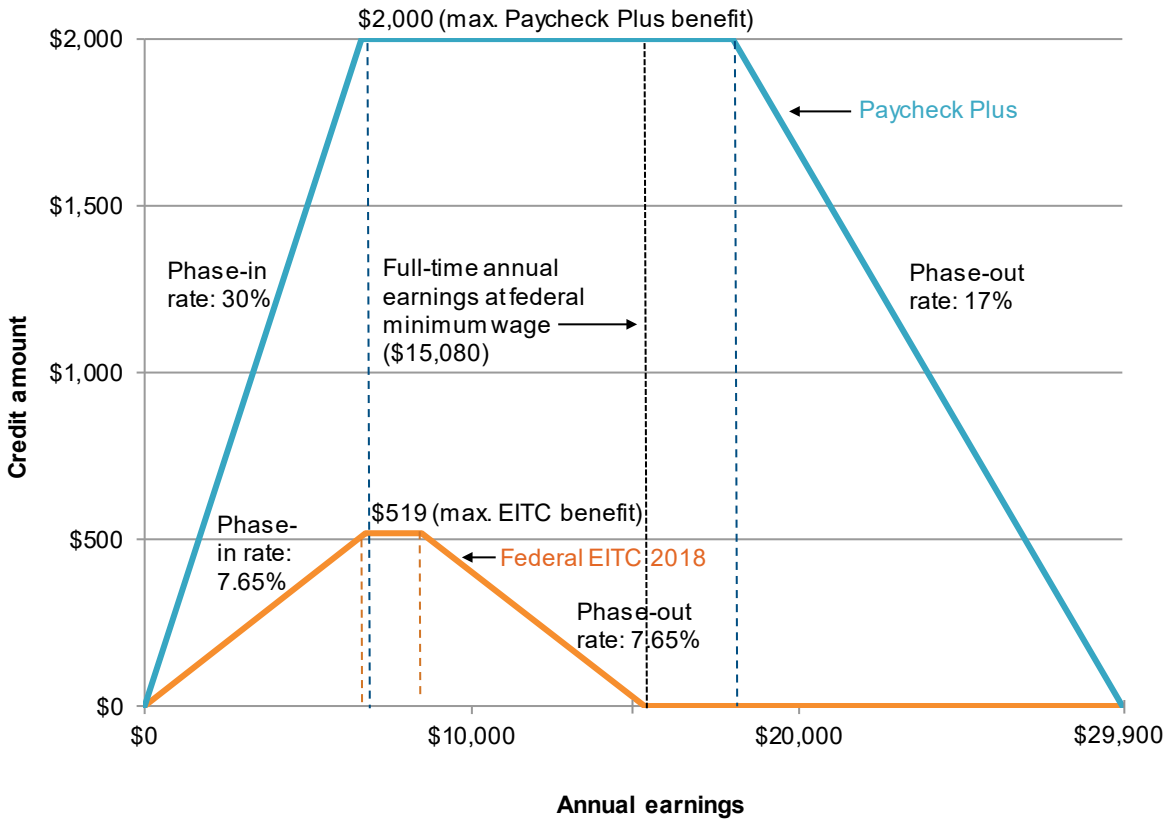
Paycheck Plus tests the effects of a much more generous EITC for childless adults. Figure ES.1 compares Paycheck Plus with the current EITC for workers without dependent children. Under the current EITC, such workers lose eligibility for benefits once their earnings reach about

[4]Cynthia Miller, Lawrence F. Katz, Gilda Azurdia, Adam Isen, Caroline Schultz, and Kali Aloisi, *Boosting the Earned Income Tax Credit for Singles: Final Impact Findings from the Paycheck Plus Demonstration in New York City* (New York: MDRC, 2018).

[5]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, provided funding to the demonstration in New York through a Section 1115 waiver.

Figure ES.1

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



SOURCES: Tax Policy Center (2019); Paycheck Plus program documents.

NOTES: The orange "Federal EITC 2018" line illustrates the credit schedule for a single adult with no qualifying children.

The blue "Paycheck Plus" line illustrates the Paycheck Plus bonus schedule for a single adult with no qualifying children.

The dashed vertical lines delineate the earnings range in which the maximum credit amount is permitted, shown in orange for the federal EITC and in blue for Paycheck Plus.

$15,000, and the maximum possible benefit is $519. Paycheck Plus increases the maximum benefit to $2,000 and also raises the income limit for eligibility to $30,000 so that more low-wage workers qualify for some benefit.

MDRC partnered with United Way of Greater Atlanta to run the project. United Way had recently assumed leadership in Atlanta of a large coalition of Volunteer Income Tax Assistance (VITA) programs, which offer free tax preparation services to individuals with incomes below a certain threshold. Between October 2015 and April 2016, the project recruited just over 4,000 single adults without dependent children to take part in the study. Individuals were eligible for the study if they met several eligibility criteria, the primary ones being that they had earned less than $30,000 in the prior year and were not planning to claim dependents during the upcoming tax season.

United Way directed its recruitment effort to organizations in its network and throughout the city that served populations who qualified for Paycheck Plus. Ultimately, 15 employment programs and about 25 social service organizations, including faith-based and nonprofit groups, served as recruitment partners. The Georgia Department of Human Services (DHS) Division of Child Support Services (DCSS) was another vital partner during enrollment. Paycheck Plus program staff were invited to recruit eligible individuals from seven fatherhood programs sponsored by DCSS. In order to reach more individuals connected to the child support system, DCSS also sent multiple letters introducing the study to noncustodial parents living in the targeted counties. In addition to these mailings, the study was marketed more broadly using various media outlets, including local radio stations, as well as via advertisements throughout the city's public transportation system.

Among roughly 4,000 participants recruited for the study, 61 percent were male, 60 percent were older than age 35 when they enrolled, and 86 percent were non-Hispanic black. Almost 30 percent of the sample had been incarcerated and 42 percent were noncustodial parents.[6] The majority of the participants had completed high school or the equivalent, but most of this group had not attended college. About 80 percent of participants reported earnings of less than $18,000 in the year prior to study entry.

Once eligible individuals agreed to participate, half of them were assigned at random to a group eligible for Paycheck Plus and half were assigned to a group not eligible for the program but still eligible for existing tax credits such as the EITC. 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 2017, 2018, and 2019, 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 that for the federal EITC, even though Paycheck Plus operates outside of the tax system. As with the 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 directly 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 United Way's VITA sites or, if they filed elsewhere, to bring copies of their tax documents to a VITA site. The structure of the bonus was the same in both New York and Atlanta, with one exception. In New York, all or part of the bonus could be intercepted to pay down child support debt, a policy that mimics the federal credit. In Atlanta, in contrast, there is no intercept. Program designers opted to test a version without an intercept to enhance the attractiveness of the bonus to noncustodial parents.

[6]The sample of noncustodial parents was defined more broadly for the Atlanta study than for the New York study and is based on self-reports in addition to child support program data.

Once bonus amounts were determined, MDRC worked directly with United Way and its payment vendor to request, issue, and monitor the deposit of each bonus payment to a bank account or debit card. Because study participants had to take additional steps to apply for the bonus (beyond filling out their tax returns), the project team delivered a series of participation reminders to the program group members, beginning with an initial "Welcome to Paycheck Plus" message (by mail and e-mail) explaining how the bonus works, how to earn the first bonus, and when and how to apply for it. These reminders, delivered in the period leading up to and during each tax season, were followed up with individual phone calls to ask if participants had questions and to offer United Way services, such as help with employment and financial needs.

The current report measures the effects of eligibility for the more generous bonus on economic, tax filing, and child-support payment outcomes. The core economic outcomes are after-bonus 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, although economic research suggests that this effect could be small. 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. The phase-up/phase-down design, while necessary to target benefits to the lowest-income workers, raises the possibility that some workers with earnings on the phase-down part of the bonus might reduce their earnings to become eligible for a larger bonus.

Findings

- **About 52 percent of program group members with earnings in the eligible range received a bonus in the first year, and 47 percent received a bonus in the second year. Among those who received bonuses, the average amount received was $1,350.**

The study targeted a broad group of low-income individuals, who often have variable employment and earnings from year to year, so it was expected that not all study enrollees would be eligible for a bonus each year. In fact, 68 percent of the program group was eligible for a bonus in Year 1, meaning that they worked and earned less than $30,000. Eligibility rates fell to 61 percent in Year 2, as some individuals moved out of work and others earned more than $30,000.

Among those eligible, 52 percent received a bonus in Year 1, and 47 percent received a bonus in Year 2. Part of the reason why all those who were eligible did not receive a bonus is that not all eligible workers file taxes — those with very low earnings are not required to do so and the small amount of bonus they stood to receive may not have been enough of an incentive to file taxes. Another reason, as mentioned earlier, is that among those who filed taxes, bonus receipt was not automatic, as it would be if the bonus were part of the tax code. Finally, as with any new demonstration program, some study participants probably forgot about the bonus by the time tax season arrived, as much as a year after they enrolled in the study, or they may not have understood the eligibility requirements or steps needed to claim it.

- **Encouraging eligible participants to apply for the bonus was more challenging in Atlanta than in New York.**

Receipt of the bonus among eligible participants was lower in Atlanta than in New York. Although maximizing bonus receipt was a challenge in both cities, there were additional hurdles in Atlanta. First, as discussed in the full report, the Atlanta participants were less connected to the tax system than the New York participants. Atlanta participants were less likely to report filing taxes even though more of them reported working over the past year than New York participants at the time of program entry. Thus, encouraging study participants to file taxes in Atlanta may have been more challenging than in New York. Even beyond that, however, Paycheck Plus encourages participants to use the VITA sites to file taxes. In New York, many study participants were past VITA clients, but very few Atlanta participants had used VITA in the past. Second, the project in Atlanta faced the added challenge of establishing a trusting relationship between program group members and United Way and its VITA service partners. United Way was a relatively new VITA provider and, unlike the New York operations partner (Food Bank for New York City), was not yet well known in the community for offering free tax services.

Finally, participants had been recruited from a large and diverse region of 13 metropolitan Atlanta counties. The team anticipated that participants in outlying counties could face transportation hurdles when it came time to apply for the bonus during the tax season — particularly if they lived and worked far from United Way VITA sites.

- **Paycheck Plus increased after-bonus income, or earnings after accounting for taxes and the bonus, in the first year.**

On average, after-bonus income for individuals in the control group was $9,822 in Year 1 (2016). Income is calculated using data from IRS tax records and is defined as earnings from wages or self-employment minus taxes and plus credits (including the federal EITC and the Paycheck Plus bonus). Income for the program group, in contrast, was $10,595 during Year 1, for a statistically significant increase of $773, or about 8 percent (as shown in Table ES.1). This increase is averaged over the full sample, including the roughly 60 percent of individuals in the program group who never received a bonus. Considering that about 36 percent of the program group received a bonus in Year 1, and that the average amount received was $1,342, the increase in after-bonus income when averaged over the full sample would be about $486 (or 36.2 percent of $1,342) if there were no increases in earnings in response to the program.

Bonus receipt fell from Year 1 to Year 2 and smaller effects on after-bonus income are observed for the full sample in Year 2. The increase of $473, shown in the table, closely matches what would be expected if there were no increases in earnings in response to the program (or 29 percent of $1,350).

Table ES.1

Effects on Employment and Earnings

Outcome	Program Group	Control Group	Difference (Effect)	P-Value
Year 1				
Any earnings (%)	80.0	79.9	0.1	0.923
Earnings ($)	10,281	9,914	367	0.211
After-bonus income ($)	10,595	9,822	773***	0.004
Year 2				
Any earnings (%)	77.0	76.0	1.0	0.407
Earnings ($)	12,238	12,069	169	0.648
After-bonus income ($)	12,207	11,734	473	0.155
Sample size (total = 3,972)	1,996	1,976		

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

NOTES: Rounding may cause slight discrepancies in sums and differences.
Sample sizes may vary because of missing values.
Statistical significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.
Earnings refers to wages plus self-employment income.
Employment is defined as having any earnings from wages or self-employment income.
Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.
Year 1 refers to tax year 2016, and Year 2 refers to tax year 2017.

- **Paycheck Plus did not increase employment rates or earnings through the first two years in Atlanta.**

Data from IRS tax records were also used to estimate effects on employment and earnings. About 80 percent of control group participants worked during Year 1 and they earned on average $9,914. Control group employment rates and earnings fell between Year 1 and Year 2. Paycheck Plus had no significant effect on employment or earnings in either year in Atlanta.

Although the offer of the bonus creates an incentive to work, its expected effects on earnings are less clear, given the different incentives the bonus creates at different earnings levels. One concern with the structure of the bonus, and with the EITC, is the potential for some higher-earning workers to reduce their earnings to try to become eligible for a larger bonus. The findings show no evidence of that effect for Paycheck Plus. Effects on earnings at the higher end of the distribution were small and statistically insignificant.

Effects were also estimated for key subgroups, including women compared with men, more disadvantaged men compared with other men, and by earnings before study entry.[7] There were no statistically significant differences in impacts on economic outcomes across groups defined by gender or prior earnings. However, there is some evidence of larger effects on earnings

[7]More disadvantaged men were defined as those who had been incarcerated at some point prior to study entry or who were noncustodial parents. They account for about 70 percent of all men in the study.

and income in Year 2 for the subset of men in the study not defined as more disadvantaged, relative to their more disadvantaged counterparts.

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

In 2017, 48 percent of people in the control group filed their taxes. Paycheck Plus increased the filing rate by 12.2 percentage points, an increase of 25 percent. The impact on tax filing fell somewhat in Year 2 but was still large. The program's largest effects were on the use of VITA sites. In the absence of the program, only 5 percent of study participants would have used a VITA site to prepare taxes, as shown by the rate for the control group. The program increased that rate to 28 percent in Year 1. Filing at one of United Way's VITA sites was not a requirement for bonus receipt, although it was strongly encouraged. The increase in VITA use, although sometimes accompanied by longer wait times than those for paid preparers, probably reduced out-of-pocket spending on tax preparation.

- **Paycheck Plus did not affect child support payment rates among noncustodial parents.**

About 42 percent of study participants reported at study entry that they had minor children living elsewhere or were listed in the state's child support system as having a child support order. Paycheck Plus could affect payment rates through the additional income provided by the bonus, or through increased work or earnings. Through Year 2, the program had no effect on payment rates or amount and no effect on child support arrears, among the subset of noncustodial parents who had an order or arrears in the state's child support system.

Conclusion

The early findings from Atlanta indicate that Paycheck Plus increased workers' after-bonus income in Year 1 but had no effects on work or earnings in either of the first two years. It also did not affect child support payments among noncustodial parents.

The findings from Atlanta are smaller than those from the test in New York. In that city, the bonus increased after-bonus incomes in all years and led to small increases in employment, with notably large increases for women and more disadvantaged men. That program also led to a small increase in child support payments for noncustodial parents.[8]

Atlanta was a good place for a replication of Paycheck Plus, given that it provided a very different context from New York City — a different population, a different labor market, and lower average wages. But parts of that context made it more challenging to approximate how the bonus would work if it were part of the tax code. In particular, the Atlanta study sample was more geographically spread out, less connected to the VITA system, and less likely to file taxes more

[8]The increase in child support payments in New York was not driven by the intercept of the bonus in that site, suggesting that the findings in Atlanta are not due to the fact that the model did not intercept bonus payments to pay down child support debt.

generally, making it challenging to maintain awareness of the bonus over time and to encourage individuals to apply for and claim it. Probably as a result, bonus receipt among eligible individuals was lower in Atlanta than in New York, a pattern which may have contributed to the more muted effects in Atlanta.

Other differences in effects are more puzzling. The study in New York, for example, found larger effects on employment for women than for men, consistent with other research in economics. The female participants in Atlanta differed in some ways from their counterparts in New York, which may relate to differences between the eligible populations across the two cities and in the organizations that served as recruitment partners. For example, they were older, on average, and had higher earnings at study entry. A question for future research is whether these differences in characteristics account for the pattern of findings across cities.

A key goal of testing the program in two cities is to provide better evidence of potential effects if the program were to become federal policy. As such, the best estimate of effects will be based on findings from both tests, with the samples combined and weighted so that the pooled sample approximates a national population. A future report will present this synthesis of findings from both cities combined. The next report from the project will present three-year findings from Atlanta.

Introduction

Although the U.S. economy was slow to rebound from the Great Recession that ended in 2009, in what many called a "jobless recovery," more recently during a sustained economic recovery unemployment rates have fallen to below their prerecession levels. Wages have also modestly increased over the past few years, after remaining flat for several years after the recession ended. While it is encouraging that employment and wages have increased for all types of workers, the recent wage increases are not enough to offset decades of stagnating or even falling wages for those at the bottom.

Workers at the lower end of the U.S. labor market do not earn much more than they did 30 to 40 years ago. Those at the 30th percentile of the hourly wage distribution in 2018 earned just 12 percent more per hour (after adjusting for inflation) than they did in 1973, even though productivity grew by more than 77 percent over that period.[1] Men with only a high school education or less make less now than they did in the early 1970s.[2] And while unemployment rates are low, they do not capture the growing proportion of people, particularly non-college educated men, who have dropped out of the labor force entirely, meaning they are not working but also not actively looking for work.

The fact that so many workers continue to earn such low wages reflects multiple changes to the labor market over recent decades. Rising international trade, the fall of unionization, increased domestic outsourcing, and the fissuring of employment relationships, as well as technological changes associated with the computer revolution, have contributed to a growing educational wage divide and have put downward pressure on wages at the bottom. The result is that although the economy grew substantially over the past several decades, many workers did not fully share in the benefits, with the wages of non-elite workers failing to keep up with productivity growth.

A continuing central policy question is how to ensure that economic growth is shared more widely and that people who work are not poor. There are several ways to tackle this problem, ranging from macroeconomic policies to maintain tight labor markets to policies to help less-educated workers build more marketable skills. Other options include policies that more directly affect workers' take-home pay, such as increased minimum wages, wage or employment subsidies, and tax credits for workers. Interventions that increase workers' take-home (that is, after-tax) earnings have the potential to increase household incomes, reduce poverty, and bring more people into the labor force.

The Earned Income Tax Credit (EITC) is the major U.S. tax credit designed to address low wages and earnings, providing a credit at tax time to eligible low-income workers. The credit is refundable, meaning that it is first used to pay any taxes owed, with the remainder paid to the recipient. For example, a low-income worker who is a single mother with two children can get a

[1]Economic Policy Institute (2019b).

[2]Economic Policy Institute (2019a).

federal tax refund of up to $5,716. The EITC is widely viewed by policymakers and researchers as a successful public policy, since it is antipoverty and pro-work.[3] Its primary effect is to increase incomes and reduce poverty, and it has become one of the most successful antipoverty programs in the country, estimated to lift nearly six million people out of poverty each year.[4]

But the policy has done relatively little for a large group of low-income workers — those without dependent children. The maximum credit available to a low-income worker without children is $519. And once workers in that category earn just over $15,000 during the year, they lose eligibility for the credit. Low-income workers (those earning less than $30,000 per year) without dependent children number over 20 million and include many men with no more than a high school education, for whom wages and employment rates have fallen the most over the past decades.[5] Many of these men do not have children but are trying to move up in the labor market and start a family, while others are noncustodial parents who do not live with their children but often help support them. The group also includes women who either do not have children or have adult children and may also be caring for elderly parents.

The Paycheck Plus Demonstration is a test of a policy that offers a more generous earnings credit to low-income workers without dependent children. The program offers these workers an enhanced credit, referred to in the program as a bonus, of up to $2,000 at tax time and extends benefits to workers earning up to $30,000 per year. Paycheck Plus is being run and evaluated in New York City and Atlanta, Georgia. In each city, eligible individuals were enrolled into the study and half of them were randomly selected to be eligible for the Paycheck Plus bonus for three years. The other study participants were assigned to a control group, not eligible for Paycheck Plus but eligible for any existing credits. The study is tracking both groups over time to assess the policy's effects.

There have been several proposals in recent years to expand the federal EITC to help make work pay and offset the stagnant or declining real earnings of low-wage workers. Some proposals focus on all workers and others focus on workers without dependent children.[6] The findings from the demonstration will help to inform these proposals by providing answers to such questions as the following: How many people in the study will be eligible for the bonus in a given year, meaning that they worked but earned less than $30,000? How many remain eligible for all three years? How many eligible workers apply for and receive the bonus, how much do they receive on average, and how much does the bonus increase incomes? Does the bonus encourage more individuals to move into work, and does it reduce earnings among higher-income workers who may try to qualify for a larger bonus? Finally, by increasing income, does the bonus have any secondary effects, such as reducing material hardship, improving mental health, or increasing child support payments?

[3]Hoynes and Patel (2017); Hoynes, Rothstein, and Ruffini (2017).

[4]Center on Budget and Policy Priorities (2019).

[5]Calculations from the 2016 American Community Survey.

[6]Marr, Horton, and Duke (2017); Sperling (2017).

Paycheck Plus operated in New York City from 2014 to 2016. An earlier report presents the estimated effects after three years in New York.[7] The offer of the more generous bonus increased workers' after-bonus incomes (earnings after accounting for taxes and the Paycheck Plus bonus), reduced severe poverty, and led to a modest increase in employment over the three-year period. The effects on employment were larger for women in the study and for a subset of more disadvantaged men.[8] There was also no evidence that the bonus reduced earnings among higher earners, a concern with any benefit that phases out as earnings increase. The program generated an increase in tax filing rates and a large increase in the use of free tax preparation sites (which was encouraged given that the program was administered through these sites). The more generous bonus also increased child support payments among noncustodial parents, but it did not have detectable effects on a range of other, secondary outcomes, such as material well-being, involvement in the criminal justice system, or health status.

This report presents early findings from Atlanta, covering impacts during the first two years on bonus receipt, after-bonus income, work, earnings, and child support payments. The findings show that the offer of Paycheck Plus led to an increase in after-bonus income in the first year but did not increase employment in either year. There is a pattern of positive effects on earnings and income for a subgroup of men in the study, but there is some uncertainty around these estimates given the small sample size. The program also generated an increase in tax filing rates and an increase in the use of free tax preparation sites.

Although it is too early to assess the full effects in Atlanta, the early results are less positive than those in New York. The lower receipt rate of the bonus in Atlanta is likely to have contributed to the more modest impacts on after-bonus income and employment. Several challenges to encouraging Paycheck Plus bonus receipt in Atlanta were not present in New York. The study participants in Atlanta, for example, were less connected to the tax system and to the free tax preparation site system than in New York, which made it more challenging for the Atlanta staff to get participants to file taxes and apply for the bonus. United Way of Greater Atlanta, MDRC's partner in administering the program, had only recently taken on the role of leading a coalition of Volunteer Income Tax Assistance (VITA) centers in Atlanta, and thus was less well-known than its counterpart in New York (Food Bank for New York City) as a VITA provider. Study participants in Atlanta were also spread across multiple counties in the greater metropolitan area, requiring them to travel longer distances to claim the bonus.

Program staff in both cities faced challenges in getting eligible study participants to file taxes and claim their bonus, challenges that would not exist if the more generous credit were to be incorporated into the federal tax code (like the EITC) so that receipt was linked automatically to tax filing. The effects presented in both cities might thus be considered conservative estimates of what could be expected with an increase in the level of the EITC for childless workers to that

[7]Miller et al. (2018).

[8]More disadvantaged men are defined as those who had been incarcerated at some point prior to study entry or who were noncustodial parents.

of the Paycheck Plus bonus, since the demonstration operated outside of the federal tax system and required participants to take additional steps to collect the bonus.

Paycheck Plus was tested in Atlanta to add to the evidence of how an expanded bonus might work in a context different from that of New York City. The goal is to use the findings from both cities to inform attempts — whether federal or state and local — to design a more generous credit for workers without dependent children. Thus, the best estimate of its overall effects will be based on a pooled sample, with the samples combined and weighted to approximate a national population.

Paycheck Plus in Atlanta is being funded by the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research, and Evaluation; the U.S. Department of Labor; the Ford Foundation; the Annie E. Casey Foundation; the W. K. Kellogg Foundation; the JPB Foundation; the Chan Zuckerberg Initiative; Arnold Ventures; The Kresge Foundation; and the European Union's Horizon 2020 Research and Innovation Programme Lifepath Project. MDRC helped design the demonstration and partnered with United Way of Greater Atlanta to implement the program. MDRC is also evaluating its effects.

The Paycheck Plus Demonstration

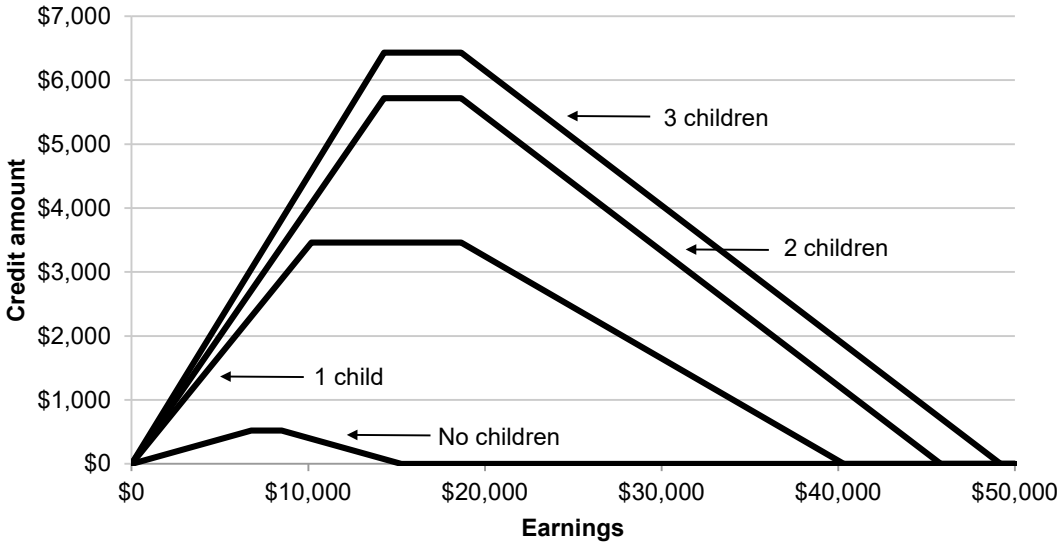
The Bonus

The Paycheck Plus demonstration tests the effects of a much more generous EITC for adults without dependent children. Figure 1 presents 2018 federal EITC schedules for single adults, by number of dependent children. The EITC structure consists of a phase-in region where the credit accumulates as earnings increase, a plateau region where the credit remains constant as earnings increase, and a phase-out region where the credit is reduced as earnings increase. For example, for a single worker with three children, the phase-in rate is 45 percent (the bonus is equal to 45 percent of earnings up to a maximum bonus of just over $6,000). Once that worker's earnings reach a certain point, the bonus phases out at a rate of 21 percent. (The bonus is reduced by 21 cents for each dollar increase in earnings.) In contrast, the phase-in rate is just under 8 percent for single adults without children and the maximum credit is just over $500. An individual without dependent children working full time, year-round at $9 per hour would earn too much to qualify for any benefits.

Paycheck Plus provides a maximum bonus to childless adults equal to about 60 percent of the maximum benefits available to a single parent with one child. It also expands the reach of the plateau region, so that more low-wage workers qualify for the maximum benefit. As Figure 2 shows, benefits are phased in at a rate of 30 percent, with a maximum benefit of $2,000, and phased out at a rate of 17 percent. Individuals can continue receiving some benefits until their earnings reach just under $30,000. The bonus "tops up" the existing federal EITC for this group

Figure 1

Earned Income Tax Credit (EITC) for Single Adults, 2018



SOURCE: Tax Policy Center (2018).

NOTE: Those with a "married filing jointly" status can still claim a credit, but the schedule is not discussed in this brief and, therefore, is not shown here.

to bring their total bonus up to a maximum of $2,000. Thus, if a worker were eligible for $2,000 from Paycheck Plus and received $300 from the federal EITC, the Paycheck Plus bonus would equal $1,700.

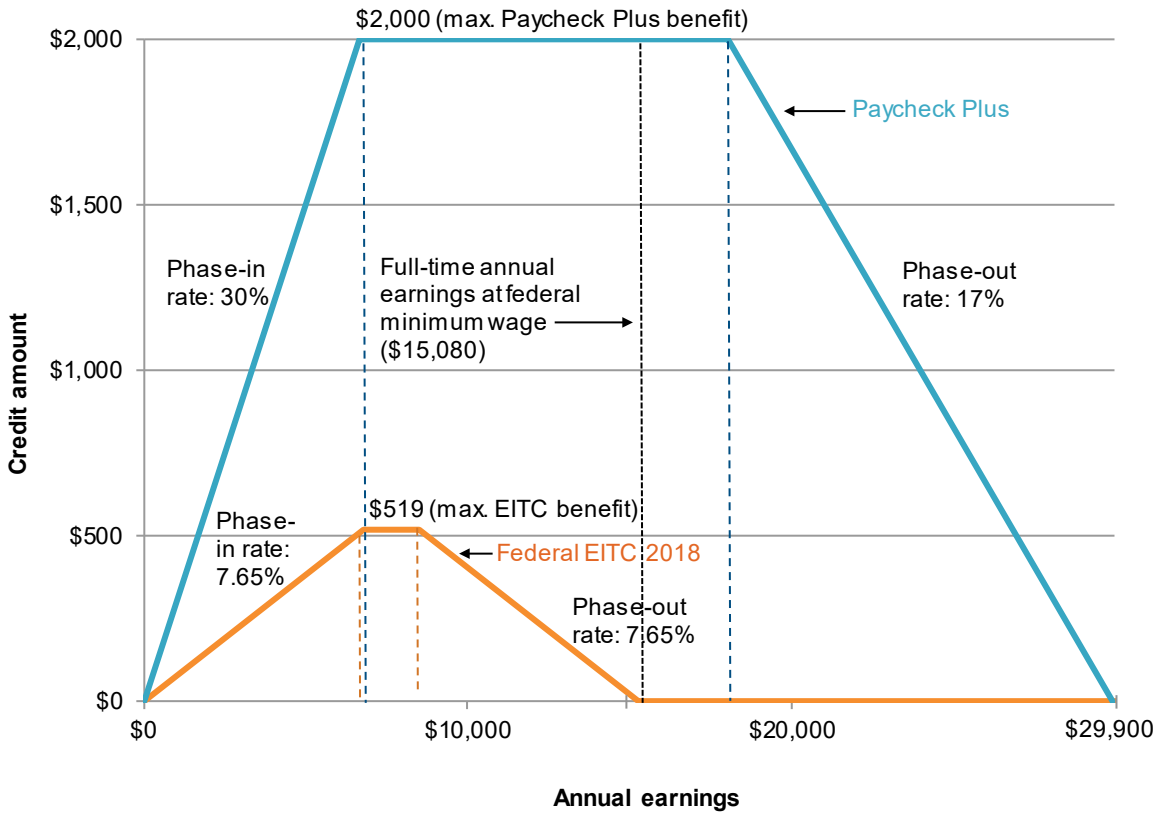
Paycheck Plus was designed so that the process of applying for and receiving the bonus would be as similar as possible to that for the federal EITC, even though it operates outside of the tax system. To receive the bonus, an individual must file federal income taxes and have earned income in the eligible range. The structure of the bonus was the same in both New York and Atlanta, with one exception. In New York, all or part of the bonus could be intercepted to pay down child support debt, a policy that mimics the federal credit. In Atlanta, in contrast, there is no intercept. Program designers opted to test a version without an intercept to enhance the attractiveness of the bonus to noncustodial parents.

Intake and Recruitment

Paycheck Plus in Atlanta is being tested using a randomized controlled trial. Between October 2015 and April 2016, the project recruited just over 4,000 single adults without dependent children to take part in the study. Individuals were eligible for study enrollment if they

Figure 2

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



SOURCES: Tax Policy Center (2019); Paycheck Plus program documents.

NOTES: The orange "Federal EITC 2018" line illustrates the credit schedule for a single adult with no qualifying children.

The blue "Paycheck Plus" line illustrates the Paycheck Plus bonus schedule for a single adult with no qualifying children.

The dashed vertical lines delineate the earnings range in which the maximum credit amount is permitted, shown in orange for the federal EITC and in blue for Paycheck Plus.

were not married, had a valid Social Security number, were not planning to claim a dependent child on their taxes in the subsequent year, were between the ages of 21 and 64 (note that the federal credit is available only to individuals ages 25 and older),[9] earned less than $30,000 in the prior year, and were not receiving or applying for Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI).

Recruitment occurred a full year before the first bonus payout, because the bonus amount paid in 2017 would depend on earnings in 2016. Thus, participants were given a full year to adjust their work and earnings in response to the expected benefits of the program. As noted earlier,

[9]Paycheck Plus was made available to younger adults (ages 21 to 24) because they were significantly affected by the changes in the labor market discussed earlier and because of the importance of early work experience on later work outcomes.

MDRC partnered with United Way of Greater Atlanta, which manages the largest VITA program in Atlanta, to run the project.

United Way directed its recruitment effort to organizations in its network and throughout the city that served populations who qualified for Paycheck Plus. Ultimately, 15 workforce providers and about 25 social service organizations, including faith-based and nonprofit groups, served as recruitment partners. The Georgia Department of Human Services (DHS) Division of Child Support Services (DCSS) was another vital partner during enrollment. Paycheck Plus program staff were invited to recruit eligible individuals from seven fatherhood programs sponsored by DCSS. In order to reach more individuals connected to the child support system, DCSS also sent multiple letters introducing the study to noncustodial parents living in the targeted counties. In addition to these mailings, the study was marketed more broadly using various media outlets, including local radio stations, as well as via advertisements throughout the city's public transportation system.

Once eligible individuals agreed to participate, half of them were assigned at random to a group eligible for Paycheck Plus and half were assigned to a group not eligible for the program but still eligible for existing tax credits. Individuals assigned to the Paycheck Plus group were given a brief explanation of the bonus on a take-home sheet (see Appendix Figure A.1) that illustrated the bonus amounts for various earnings levels, indicating that the bonus is reduced to zero once earnings reach just under $30,000. The bonus was available to the program group for three years, payable at tax time in 2017, 2018, and 2019, based on earnings in the previous year: that is, earnings in 2016, 2017, and 2018. In effect, then, the individuals were recruited to participate in the program between late 2015 and early 2016 for a benefit that would not be received until early to mid-2017.

Although individuals had to be single to enroll in the study, they remained eligible to receive the bonus for three years if they subsequently married. In addition, to avoid creating a "marriage penalty," the Paycheck Plus bonus for married participants was calculated based on individual earnings, rather than family earnings. If an individual gained dependent children through birth, adoption, or marriage, however, that person would not be able to receive any Paycheck Plus bonus since the federal EITC for families with one or more children is more generous than Paycheck Plus.[10]

As in Paycheck Plus New York, the demonstration included a second randomized controlled trial embedded within the larger trial. Half of the program group members in Atlanta, or 1,000 participants, were assigned at random to an "extra services group," eligible to receive additional information about United Way employment programs, such as job training. These individuals would also receive a follow-up call to offer referrals to those and other services. This was an admittedly limited information intervention.

[10]In principle, the bonus would continue to "top up" the federal EITC received by the individual's family, but the additional amount would be zero in these cases.

This test of an employment referral intervention was undertaken because of the concern that some individuals might have difficulty responding to the work incentives created by Paycheck Plus if they could not find work or increase their earnings. The employment referral intervention mimicked how local nonprofits might respond to an enhanced work incentive for low-income individuals without dependent children if the EITC were permanently expanded for this group in the manner simulated by the Paycheck Plus demonstration. More information on this embedded test is included in Appendix B.

Data Sources

The demonstration used several data sources to administer the program and track its effects. Basic demographic and background data were collected from all study participants in a baseline survey administered just before random assignment. The baseline data include information on educational attainment, employment and earnings, household composition, and involvement with the criminal justice system. These data are used to describe the sample and identify key subgroups.

To track key outcomes over time, administrative records data were collected from several sources. Employment and earnings data were available from two sources: unemployment insurance wage records, collected from the Georgia Department of Labor, and tax records from the Internal Revenue Service (IRS). The administrative tax data are more comprehensive than the state UI records since the tax data include self-employment earnings (from 1099 forms and Schedule C filings) and out-of-state earnings. Administrative records measuring child support payments and arrears were obtained from the Division of Child Support Services at the Department of Human Services in Georgia for the period of October 2015 through March 2018. Finally, a survey will be administered to participants in mid-2019 to collect information on income and work, but also information on subjective and material well-being, housing status, involvement in the criminal justice system, family structure, and child support payments. Data from the survey will be presented in the final report.

Because individuals were randomly assigned either to the program group or to the control group, the effects of the program can be estimated as the differences between the two groups' outcomes after the point of random assignment.[11] Impacts are estimated for each outcome using a regression model in which the outcome of interest is regressed on an indicator for program status and several variables measured at or before the time of random assignment. Including such baseline variables as covariates in the regression can serve to improve the precision of the impact estimates. The baseline covariates are the same as in the Paycheck Plus New York analysis and include the participant's age, sex, education level, race/ethnicity, prior earnings, prior incarceration, and whether the participant was a noncustodial parent.

[11]Appendix Table A.1 presents a comparison of the baseline characteristics of the program and control groups, showing that the two groups were similar on average when they enrolled in the study and that random assignment was properly administered.

Key Outcomes and Expected Effects

The study measures the effects of the offer of a more generous credit on a range of outcomes. The prespecified primary outcomes of interest, following the approach of the analysis presented in the Paycheck Plus New York final report, are after-bonus income, work, and earnings. The bonus should directly increase the incomes of those who receive it, with income measured as earnings minus owed taxes and plus any bonus payment or tax credits received. Those with earnings on the phase-in part of the schedule, for example, could see a 30 percent increase in income, owing to the 30 percent phase-in rate of the bonus. Such increases in income could create a reduction in poverty and potentially could have other, secondary effects on participants, such as reductions in material hardship and improvements in health and subjective well-being.

The predicted effect of Paycheck Plus on work decisions depends on the level of participants' earnings in relation to the bonus schedule and on their understanding of its precise structure. For someone who is not working, being assigned to the program group and offered the bonus should create an unambiguous, positive incentive to work, since it increases the payoff to working. For those whose earnings place them on the bonus schedule, the effect of being offered the bonus will depend on two sometimes competing effects — the wage effect (also known as the substitution effect) and the income effect. The wage effect suggests that an individual will want to work more hours if the reward for additional work is higher; through the income effect, a bonus discourages hours of work by providing higher income in fewer hours and raising the demand for leisure (nonwork activities), although the bonus would never encourage someone to drop out of work entirely, since it is conditional upon some work.

On the phase-in part of the schedule (the upward sloping portion, as shown in Figure 2), the wage effect encourages work, since individuals can attain a higher effective wage rate (gaining additional benefits as they earn more). The positive wage effect is likely to dominate the negative income effect on this portion of the schedule. On the plateau region, the wage effect is zero, since the bonus amount does not change with earnings, and the income effect serves to discourage work. On the phase-out portion, the wage effect encourages fewer hours, since benefits are reduced as earnings increase, while the income effect also encourages fewer hours, since the bonus still exists. Finally, for workers with earnings above the eligibility point for any benefits, being assigned to the program group and offered the bonus might encourage them to reduce their earnings to become eligible for some benefits. In fact, one concern with the structure of the EITC, and Paycheck Plus, is that it might encourage higher-earning individuals to cut back on work.

Thus, while the bonus is expected to increase the employment rate, its overall effect on earnings is not clear given the different incentives it creates along the schedule. Estimates from research in economics on how responsive employment rates are to changes in wage rates suggest that a 10 percent increase in wage rates could increase employment anywhere from 0 percent (no

effect) to 6 percent.[12] Thus, if the bonus produces an 11 percent increase in the effective wage for the typical program group member, it should increase employment rates by anywhere from 0 percent to 7 percent.[13] Paycheck Plus in New York led to an increase in employment of 2.4 percentage points (or 3 percent) in Years 2 and 3, within the range of expected effects.

The bonus also might affect participation in different types of employment. The most obvious effect is that it might reduce informal work and increase formal work, as the payoff to reporting earnings to the tax authorities and filing taxes is increased. Finally, through effects on income and work, the program might have effects on secondary outcomes, including child support payments. For example, Paycheck Plus in New York led to an increase of child support payments among noncustodial parents.

Characteristics of the Sample

Table 1 presents data on the characteristics of the sample at study entry. Among roughly 4,000 study participants, 61 percent were male, 60 percent were older than age 35 when they enrolled, and 86 percent were black. The sample was diverse in terms of educational attainment and recent work history, though most of the sample obtained a high school diploma or the equivalent, and the vast majority (80 percent) reported earnings below $18,000 in the year prior to study entry.

The study includes a high proportion of disadvantaged participants. Nearly 30 percent of the sample had been previously incarcerated, and 42 percent were noncustodial parents, identified as such either through self-reports or child support administrative records.[14] A subgroup

[12]See McClelland and Mok (2012) for a review. Estimates of labor supply wage elasticity, or how responsive employment rates are to changes in wage rates, tend to vary by gender, income level, education level, and race/ethnicity.

[13]The typical program group member who worked during 2016 earned $12,668, and the average bonus received was $1,342, for an increase in the effective wage of about 11 percent (given by the ratio of the bonus to earnings).

[14]Noncustodial parents (NCPs) are identified in the Atlanta study as those who self-report having minor children living elsewhere or who are identified in child support records as owing support. This definition differs from that used in New York, where that sample was identified through child support records data and not self-reports. In New York, the correspondence between the two sources was fairly close. In Atlanta, however, the number of self-reported NCPs who were not found in the child support system was large. Although part of this difference may be due to differences in the characteristics of the study participants, some may be due to lower rates of TANF receipt in Georgia. Most of the cases in Georgia's child support system are cases in which the custodial parent receives Temporary Assistance for Needy Families (TANF). TANF receipt has fallen significantly in Georgia over the past 20 years, and more dramatically than in New York (Center on Budget and Policy Priorities, 2018). This difference may help explain why a larger share of child support cases in Atlanta are outside of the child support system. The research team decided to use the more expansive definition in Georgia in order to more fully capture the NCP population. (Note that 14 percent of the New York sample would have been defined as an NCP using this more expansive definition, rather than the 9 percent presented in the report.) As a sensitivity test, analyses were conducted using the more restrictive definition of NCP status and the results were very similar to those reported here. In addition, the analysis reported later of effects on child support payments recorded through the child support system matches that in New York, as it is restricted to NCPs identified using the child support records data.

respectively). That analysis similarly found no evidence of reductions in earnings at the higher end of the distribution and positive impacts on after-bonus earnings at the 75th percentile.

Table 4 presents data on employment and earnings from Georgia unemployment insurance (UI) records. The UI data are available quarterly, as opposed to IRS tax data, which are only available on an annual basis. UI data, unlike IRS data, do not include earnings from self-employment or from out-of-state jobs. The UI data are presented as averages relative to the point of random assignment. Year 1, for example, roughly corresponds to 2016, although it would be defined as April 2016 through March 2017 for an individual who entered the study in February 2016.

Table 4

Effects on Employment and Earnings Covered by Unemployment Insurance

Outcome	Program Group	Control Group	Difference (Effect)	P-Value
Year 1				
Ever employed (%)	72.1	71.4	0.7	0.581
Average quarterly employment (%)	56.8	56.3	0.5	0.647
Total earnings ($)	9,331	9,111	221	0.410
Year 2				
Ever employed (%)	65.6	65.4	0.2	0.884
Average quarterly employment (%)	53.1	53.5	-0.3	0.774
Total earnings ($)	10,089	10,101	-12	0.972
Years 1 and 2				
Ever employed (%)	77.5	77.0	0.5	0.653
Average quarterly employment (%)	55.0	54.9	0.1	0.942
Total earnings ($)	19,420	19,211	209	0.705
Sample size (total = 3,972)	1,996	1,976		

SOURCE: Unemployment insurance wage records from the Georgia Department of Labor.

NOTES: Rounding may cause slight discrepancies in sums and differences.
Sample sizes may vary because of missing values.
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.
Year 1 roughly covers 2016 and Year 2 roughly covers 2017.

Overall, the UI data are generally consistent with the tax data in Year 1, with about 71 percent of the study sample employed. In Year 2, UI-covered employment fell for the study sample by about 6 percentage points, slightly more than reported using the tax data. Average earnings levels are similar to wage earnings from the tax data, at just over $9,000 in Year 1 and just over $10,000 in Year 2. The UI data show no effects of the program on work or earnings in either year.

Finally, as noted earlier, an additional randomized controlled trial was embedded in the larger study, testing the effects of offering information about and referrals to local employment services to program group members eligible for the Paycheck Plus bonus (the "Extra Services" group). More information about the services is presented in Appendix B and estimates of their

effects through Year 2 are shown in Appendix Table B.1. In sum, United Way staff made contact with about half of the Extra Services group and typically discussed employment services and other social services offered by United Way partners. There is no evidence through Year 2 of differences in effects for those who were eligible for the additional services compared with those who were not eligible.

Tax Filing Outcomes

Table 5 presents impacts on other outcomes available from tax records. Notably, Paycheck Plus led to an increase in the number of participants who filed taxes. In Year 1 (tax year 2016, with taxes filed in 2017), for example, 48 percent of the control group filed taxes, and the program led to an increase in filing of 12 percentage points, with 60 percent of the program group filing taxes. Filing rates declined slightly in the second year; 46 percent of the control group filed taxes in 2018, compared with 56 percent of the program group. The effect of Paycheck Plus on filing taxes is substantial. Although many of the Paycheck Plus sample members are not required to file their taxes, doing so can accrue benefits to them beyond tax credits and deductions, including receiving refunds for any surplus withholdings during the tax year. Another benefit is the formalizing, through filing taxes, of informal self-employment work that may increase their Social Security benefits in the longer term.

Table 5

Effects on Tax Filing Outcomes

Outcome (%)	Program Group	Control Group	Difference (Effect)	P-Value
Year 1				
Filed taxes	59.6	47.5	12.2***	0.000
Filed at a Volunteer Income Tax Assistance (VITA) site	28.2	5.3	22.9***	0.000
Received the Earned Income Tax Credit (EITC)	33.3	26.9	6.4***	0.000
Year 2				
Filed taxes	55.7	46.2	9.6***	0.000
Filed at a VITA site	24.3	4.7	19.6***	0.000
Received the EITC	26.9	24.5	2.4*	0.070
Sample size (total = 3,972)	1,996	1,976		

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

NOTES: Rounding may cause slight discrepancies in sums and differences.
Sample sizes may vary because of missing values.
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.
Year 1 refers to early 2017 (filing for tax year 2016), and Year 2 refers to early 2018 (filing for tax year 2017).

The next two outcomes relate to the method in which the individual prepared taxes. As discussed earlier, only a quarter of those who had filed taxes in the year prior to study entry had used free tax preparation services. In both years, only about 5 percent of the control group filed

taxes at a VITA site. Not surprisingly, the program led to a large increase in the use of VITA sites to file taxes, by about 20 percentage points each year. For the program group, the VITA filers accounted for more than 40 percent of all tax filers — which likely means that they incurred fewer out-of-pocket costs for tax preparation.

The program also increased receipt of the federal EITC, by 6 percentage points in Year 1 and 2 percentage points in Year 2. This increase in EITC receipt is most likely due to the increase in the rate of tax filing, indicating that the program increased tax filing rates among those with relatively low incomes. As noted earlier, workers without dependent children lose eligibility for the federal EITC once their earnings are above $15,000.

Effects for Subgroups

Tables 6 through 8 present effects on selected outcomes in each year for three sets of prespecified subgroups — more disadvantaged men compared with other men, women compared with men, and participants with no, low, or somewhat higher earnings in the year prior to study entry. More disadvantaged men are defined as men who either were previously incarcerated or, at the time of random assignment, were noncustodial parents. Data on the characteristics of these groups are shown in Appendix Tables A.2 through A.4. Rates of bonus receipt for each of the subgroups are shown in Appendix Table A.5.

These same subgroups were used in the New York evaluation and were selected based on prior research and policy interest.[25] For example, past research tends to find larger work responses to wages for women than for men. Similarly, more disadvantaged men are a group of great policy interest and face several barriers to employment. Men who have prior involvement with the criminal justice system, for example, face an uphill battle in finding jobs given not only the stigma of a prior record but also their generally low levels of education and limited work experience. Men who are noncustodial parents, especially those with large amounts of child support debt, may be reluctant to work in the formal labor market and have earnings withheld to pay child support.

The findings shown in the tables indicate that, overall, the program did not have detectably different effects on employment or earnings for any specific subgroup. The exception is a pattern of larger effects on earnings for the less disadvantaged men in the study, that is, those who had not been previously incarcerated and were not noncustodial parents. Table 6 shows a pattern of larger effects for these other men compared with more disadvantaged men. Paycheck Plus increased after-bonus earnings for other men by $1,994 in Year 2, for example, compared with a difference of $151 for more disadvantaged men, a difference that is statistically significant. The difference in effects on earnings for the two group is also statistically significant.

[25]Impacts for subgroups defined by age and by previous incarceration and noncustodial parent status are presented in Appendix Tables A.6 through A.8.

Table 6

Effects for More Disadvantaged Men Compared with Other Men

Outcome	More Disadvantaged Men			Other Men			
	Program Group	Control Group	Difference (Effect)	Program Group	Control Group	Difference (Effect)	
After-bonus earnings ($)							
Year 1	9,463	8,827	636	11,806	10,166	1,640**	
Year 2	10,783	10,633	151	13,830	11,837	1,994**	†
Any earnings (%)							
Year 1	77.8	78.2	-0.3	82.5	80.6	1.9	
Year 2	72.8	72.1	0.7	80.1	77.6	2.6	
Average earnings ($)							
Year 1	9,252	8,997	255	11,779	10,511	1,268	
Year 2	10,944	11,021	-76	14,239	12,364	1,875*	†
Filed taxes (%)							
Year 1	48.8	33.5	15.3***	61.9	51.8	10.1***	
Year 2	42.5	35.7	6.7***	57.6	49.2	8.4**	
Sample size (total = 2,235)	787	834		315	299		

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

NOTES: Rounding may cause slight discrepancies in sums and differences.

Sample sizes may vary because of missing values.

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.

The "more disadvantaged men" subgroup includes individuals who either were noncustodial parents at the time of random assignment or had been incarcerated at some point prior to random assignment.

Earnings refers to wages plus self-employment income.

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

Year 1 refers to tax year 2016, and Year 2 refers to tax year 2017.

Table 7

Effects for Women Compared with Men

Outcome	Women			Men			
	Program Group	Control Group	Difference (Effect)	Program Group	Control Group	Difference (Effect)	
After-bonus earnings ($)							
Year 1	11,789	11,346	442	9,855	8,853	1,002***	
Year 2	13,748	13,529	219	11,273	10,594	678	
Any earnings (%)							
Year 1	83.4	82.9	0.5	77.9	78.1	-0.2	
Year 2	81.8	82.6	-0.9	73.9	71.9	2.0	
Average earnings ($)							
Year 1	11,227	11,258	-32	9,696	9,053	643*	
Year 2	13,493	13,737	-244	11,484	11,003	481	
Filed taxes (%)							
Year 1	72.4	63.5	8.9***	51.7	37.6	14.1***	†
Year 2	71.9	58.9	13.1***	45.8	38.3	7.5***	†
Sample size (total = 3,960)	795	759		1,195	1,211		

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

NOTES: Rounding may cause slight discrepancies in sums and differences.
Sample sizes may vary because of missing values.
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.
Earnings refers to wages plus self-employment income.
Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.
Year 1 refers to tax year 2016, and Year 2 refers to tax year 2017.

Table 8

Effects by Earnings in the Year Prior to Study Entry

Outcome	No Earnings			$1-$10,000			> $10,000			
	Program Group	Control Group	Difference (Effect)	Program Group	Control Group	Difference (Effect)	Program Group	Control Group	Difference (Effect)	
After-bonus earnings ($)										
Year 1	5,424	4,418	1,006*	8,885	8,075	810**	15,520	14,782	738	
Year 2	6,639	6,057	581	10,238	9,963	275	17,726	16,859	868	
Any earnings (%)										
Year 1	52.3	53.3	-1.0	85.4	83.6	1.8	90.0	91.7	-1.7	
Year 2	49.1	50.7	-1.6	80.0	78.3	1.7	89.6	88.5	1.1	
Average earnings ($)										
Year 1	5,288	4,296	992*	8,340	7,949	391	15,338	15,221	117	
Year 2	6,686	6,106	580	9,942	9,980	-38	18,105	17,681	423	
Filed taxes (%)										
Year 1	34.8	26.8	8.0***	59.6	45.2	14.4***	74.1	62.1	12.1***	
Year 2	30.8	29.0	1.7	56.6	45.3	11.3***	69.6	57.2	12.4***	†††
Sample size (total = 3,969)	462	448		798	768		734	759		

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

NOTES: Rounding may cause slight discrepancies in sums and differences.
Sample sizes may vary because of missing values.
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.
Earnings refers to wages plus self-employment income.
Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.
Year 1 refers to tax year 2016, and Year 2 refers to tax year 2017.

The program's effects did not vary notably by gender or by earnings prior to study entry (Tables 7 and 8). Effects on earnings and after-bonus earnings are positive and larger for men than for women, but these differences are not statistically significant.

The program did increase tax filing rates more for certain subgroups than for others, most consistently based on earnings in the prior year. Paycheck Plus led to larger increases in tax filing rates for those with some earnings prior to study entry, and the differences in Year 2 are statistically significant (Table 8).

Effects on Child Support

Access to Paycheck Plus may lead to an increase in child support payments and a reduction in child support debt. If the program increases employment and earnings among noncustodial parents, for example, child support payments might increase, either through direct payments or via wage withholding. The receipt of the bonus, as additional income, might also lead to additional payments. As noted earlier, Paycheck Plus in Atlanta, unlike the New York City program, does not include an intercept of the bonus, so any effects on child support payments and debt would not arise through that mechanism.

Data on child support payments come from administrative records maintained by the Georgia Division of Child Support Services and thus only capture payments for active cases in the state system from study enrollment through the first quarter of 2018. Payments include payments made through all sources, such as through wage withholding and tax intercepts. Table 9 presents effects on child support payments among noncustodial parents who, at baseline, had child support orders maintained by DCSS or owed arrears on an active or expired order. This group represents about one-third of the total noncustodial parent group.[26]

The data show that payment rates among noncustodial parents in the DCSS system were quite high. Among these parents, for example, about 85 percent of the control group had an open child support order at study enrollment and about 81 percent made at least one payment in Year 1. Payment rates fell somewhat in Year 2, to 73 percent. Total payment averaged $1,700 to $2,000 per year. Nearly all parents with a child support order owed child support debt, and debt amounts averaged $18,000. Paycheck Plus did not have statistically significant effects on child support payments or debt. Since the program did not lead to increased earnings for the full sample or for the disadvantaged men subgroup, and since the estimated payment rate among the control group was already high, this finding is not surprising.

[26]The full sample of noncustodial parents includes individuals who reported living away from their children when they enrolled in the study. Some of these parents may have child support orders that are not maintained by DCSS or were not open with DCSS during the data follow-up time frame and are therefore not included in the child support analysis.

Table 9

Effects on Child Support Payments and Arrears, Among Noncustodial Parents Who at Baseline Had a Current Order or Arrears in the Division of Child Support Services System

Outcome	Program Group	Control Group	Difference (Effect)	P-Value
Had open child support order at study enrollment (%)	87.1	85.2	1.9	0.522
Year 1				
Ever made a payment (%)	84.5	80.6	3.9	0.234
Number of months with payments	5.3	5.6	-0.3	0.424
Total payments ($)	1,635	1,739	-104	0.495
Year 2				
Ever made a payment (%)	78.6	73.3	5.4	0.151
Number of months with payments	5.4	5.7	-0.4	0.369
Total payments ($)	1,894	1,985	-91	0.639
Year 3, Quarter 1				
Any arrears balance (%)	92.8	93.6	-0.8	0.710
Total arrears ($)	18,301	17,814	487	0.785
Sample size (total = 500)	255	245		

SOURCE: Georgia Department of Human Services Division of Child Support Services administrative records.

NOTES: Rounding may cause slight discrepancies in sums and differences.
Sample sizes may vary because of missing values.
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.
Year 1 refers to 2016, Year 2 refers to 2017, and Year 3 refers to 2018.

Conclusion

The EITC has become a powerful antipoverty policy that has helped to offset, in part, decades of slow growth or even falling real wages for many low-income workers. But almost all the benefits of the EITC go to workers with dependent children. Many policymakers have proposed increasing benefits for low-income workers without children, and Paycheck Plus is a test of that idea.

This report presents early findings from the program in Atlanta, showing that it increased workers' after-bonus income in Year 1 but had no detectable effects on work or earnings in either of the first two years. It also did not affect child support payments among noncustodial parents.

The findings from Atlanta differ from those from the test in New York. In the latter city, the bonus increased after-bonus incomes in all three years and led to small increases in employment in Years 2 and 3 and averaged over the full three years, with notably large increases for women and more disadvantaged men. The New York program also led to a small increase in child support payments, although part of that effect was due to the intercept of the bonus to pay down child support debt. Part of the difference in effects may be due to lower bonus receipt rates

in Atlanta, although part may also be due to differences in the types of study participants. A future synthesis report for both cities will examine these issues further.

The next report from Atlanta will present findings through three years and include data on additional measures of well-being obtained from a survey of study participants. A final report from the project will present a synthesis of findings from both cities combined, in order to inform efforts beyond the two cities to design a more generous credit for workers without dependent children.

Appendix A

Supplementary Tables and Figures

Appendix Table A.1

Baseline Characteristics by Research Group

Outcome (%)	Program Group	Control Group
Male	59.9	61.3
Age		
35 years and younger	38.0	41.9**
Older than 35 years	62.0	58.1**
Race/ethnicity		
Hispanic	2.3	2.0
Non-Hispanic black	84.9	86.2
Non-Hispanic white/other	11.9	10.5
Education		
High school diploma or GED	59.5	59.9
Some college	14.5	12.3
BA or higher	12.4	12.8
No degree	13.2	14.8
Noncustodial parent, including self-reported[a]	41.7	42.4
Ever incarcerated in jail or prison	28.2	28.7
More disadvantaged men[b]	28.7	30.6
Currently working	46.2	45.7
Working full time[c]	29.7	28.7
Earnings in the past year		
$0	23.1	22.7
$1 - $6,666	26.9	26.4
$6,667 - $17,999	30.8	30.2
$18,000 or higher	19.1	20.7
Filed a tax return for tax year 2015	46.5	46.1
Has heard of the Earned Income Tax Credit (EITC)	58.2	54.9*
Has received the EITC in the past	24.6	22.9*
Sample size (total = 3,972)	1,996	1,976

SOURCES: Paycheck Plus baseline survey data; MDRC calculations from Georgia's Department of Human Services, Division of Child Support Services.

NOTES: Includes sample members randomly assigned between October 15, 2015, and April 21, 2016.

Percentages for some categories may not add up to 100 due to rounding or missing values.

[a]Noncustodial parents are individuals who reported at study entry that they had minor children living elsewhere, or those who, according to administrative records, had open child support cases with positive monthly obligation amounts or positive child support debt amounts when they enrolled in the study.

[b]The “more disadvantaged men” subgroup includes individuals who either were noncustodial parents at the time of random assignment or had been incarcerated at some point prior to random assignment.

[c]The measure refers to working 30 hours or more per week.

Appendix Table A.2

Baseline Characteristics for Disadvantaged Men Subgroups

Outcome (%)	More Disadvantaged Men	Other Men
Male	100.0	100.0
Age		
35 years and younger	39.7	46.7
Older than 35 years	60.3	53.3
Race/ethnicity		
Hispanic	1.9	2.1
Non-Hispanic black	88.0	84.9
Non-Hispanic white/other	9.3	11.7
Education		
High school diploma or GED	62.8	62.7
Some college	11.4	12.9
BA or higher	7.7	13.0
No degree	17.9	11.1
Noncustodial parent, including self-reported[a]	73.3	0.0
Ever incarcerated in jail or prison	57.7	0.0
Currently working	41.0	47.6
Working full time[b]	27.0	30.8
Earnings in the past year		
$0	25.3	23.6
$1 - $6,666	27.4	24.8
$6,667 - $17,999	28.6	32.1
$18,000 or higher	18.6	19.5
Filed a tax return for tax year 2015	37.9	50.0
Has heard of the Earned Income Tax Credit (EITC)	54.2	43.8
Has received the EITC in the past	16.6	14.7
Sample size	1,621	614

SOURCES: Paycheck Plus baseline survey data; MDRC calculations from Georgia's Department of Human Services (DHS), Division of Child Support Services (DCSS).

NOTES: Includes sample members randomly assigned between October 15, 2015, and April 21, 2016.

Percentages for some categories may not add up to 100 due to rounding or missing values.

The “more disadvantaged men” subgroup includes individuals who either were noncustodial parents at the time of random assignment or had been incarcerated at some point prior to random assignment.

[a]Noncustodial parents are individuals who reported at study entry that they had minor children living elsewhere, or those who, according to administrative records, had open child support cases with positive monthly obligation amounts or positive child support debt amounts when they enrolled in the study.

[b]The measure refers to working 30 hours or more per week.

Appendix Table A.3

Baseline Characteristics for Gender Subgroups

Outcome (%)	Women	Men
Age		
35 years and younger	37.7	41.2
Older than 35 years	62.3	58.8
Race/ethnicity		
Hispanic	2.7	1.8
Non-Hispanic black	83.2	87.2
Non-Hispanic white/other	13.1	10.1
Education		
High school diploma or GED	55.0	62.7
Some college	15.9	11.8
BA or higher	18.7	8.6
No degree	10.2	16.5
Noncustodial parent, including self-reported[a]	30.9	49.4
Ever incarcerated in jail or prison	12.5	38.9
More disadvantaged men[b]	0.0	49.0
Currently working	51.9	42.2
Working full time[c]	32.2	27.4
Earnings in the past year		
$0	18.0	26.0
$1 - $6,666	26.8	26.6
$6,667 - $17,999	32.8	29.0
$18,000 or higher	22.3	18.3
Filed a tax return for tax year 2015	55.5	40.4
Has heard of the Earned Income Tax Credit (EITC)	65.8	50.6
Has received the EITC in the past	36.3	15.7
Sample size	1,554	2,406

SOURCES: Paycheck Plus baseline survey data; MDRC calculations from Georgia's Department of Human Services, Division of Child Support Services.

NOTES: Includes sample members randomly assigned between October 15, 2015, and April 21, 2016.

Percentages for some categories may not add up to 100 due to rounding or missing values.

[a]Noncustodial parents are individuals who reported at study entry that they had minor children living elsewhere, or those who, according to administrative records, had open child support cases with positive monthly obligation amounts or positive child support debt amounts when they enrolled in the study.

[b]The “more disadvantaged men” subgroup includes individuals who either were noncustodial parents at the time of random assignment or had been incarcerated at some point prior to random assignment.

[c]The measure refers to working 30 hours or more per week.

Appendix Table A.4

Baseline Characteristics for Subgroups Defined by Earnings in the Year Prior to Study Entry

Outcome (%)	No Earnings	$1-10,000	>$10,000
Male	68.8	60.7	55.4
Age			
35 years and younger	29.0	44.1	42.2
Older than 35 years	71.0	55.9	57.8
Race/ethnicity			
Hispanic	2.0	1.6	2.8
Non-Hispanic black	85.9	86.0	84.9
Non-Hispanic white/other	11.4	11.4	10.9
Education			
High school diploma or GED	57.7	61.9	58.5
Some college	10.0	12.8	16.2
BA or higher	6.4	10.5	18.6
No degree	25.7	14.5	6.2
Noncustodial parent, including self-reported[a]	40.7	43.2	41.8
Ever incarcerated in jail or prison	33.1	31.9	21.9
More disadvantaged men[b]	33.3	31.3	25.7
Currently working	5.6	48.7	67.8
Working full time[c]	3.3	23.9	50.7
Filed a tax return for tax year 2015	15.1	45.5	66.2
Has heard of the Earned Income Tax Credit (EITC)	45.2	55.7	64.4
Has received the EITC in the past	14.6	25.2	27.9
Sample size	910	1,566	1,493

SOURCES: Paycheck Plus baseline survey data; MDRC calculations from Georgia's Department of Human Services, Division of Child Support Services.

NOTES: Includes sample members randomly assigned between October 15, 2015, and April 21, 2016.
Percentages for some categories may not add up to 100 due to rounding or missing values.
[a]Noncustodial parents are individuals who reported at study entry that they had minor children living elsewhere, or those who, according to administrative records, had open child support cases with positive monthly obligation amounts or positive child support debt amounts when they enrolled in the study.
[b]The "more disadvantaged men" subgroup includes individuals who either were noncustodial parents at the time of random assignment or had been incarcerated at some point prior to random assignment.
[c]The measure refers to working 30 hours or more per week.

Appendix Table A.5

Bonus Receipt for Subgroups

Outcome	Year 1	Year 2
Women	44.3	37.9
Men	30.9	23.4
More disadvantaged men	30.2	22.2
Other men	34.3	27.6
Earnings in the year before enrollment		
No earnings	15.6	12.3
$1 - $10,000	36.2	31.3
More than $10,000	49.3	37.6

SOURCES: IRS tax forms, W-2s, and 1099-MISCs; Paycheck Plus program data on bonus receipt.

NOTES: Bonus receipt includes bonus payments through October 2018.
Year 1 refers to early 2017 (filing for tax year 2016), and Year 2 refers to early 2018 (filing for tax year 2017).

Appendix Table A.6

Effects by Noncustodial Parent Status

Outcome	Noncustodial Parent			Not a Noncustodial Parent			
	Program Group	Control Group	Difference (Effect)	Program Group	Control Group	Difference (Effect)	
After-bonus earnings ($)							
Year 1	10,127	9,784	343	10,965	9,849	1,115***	
Year 2	11,795	12,046	-251	12,566	11,505	1,061**	†
Any earnings (%)							
Year 1	80.3	80.5	-0.3	79.8	79.3	0.4	
Year 2	76.9	76.4	0.5	77.0	75.7	1.4	
Average earnings ($)							
Year 1	9,787	9,889	-102	10,663	9,932	731*	
Year 2	11,797	12,395	-598	12,623	11,829	794*	†
Filed taxes (%)							
Year 1	54.5	41.4	13.1***	63.6	51.9	11.6***	
Year 2	50.7	41.9	8.8***	59.5	49.3	10.2***	
Sample size (total = 3,972)	832	838		1,164	1,138		

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

NOTES: Rounding may cause slight discrepancies in sums and differences.

Sample sizes may vary because of missing values.

Noncustodial parents are individuals who reported at study entry that they had minor children living elsewhere, or those who, according to administrative records, had open child support cases with positive monthly obligation amounts or positive child support debt amounts when they enrolled in the study.

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.

Earnings refers to wages plus self-employment income.

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

Year 1 refers to tax year 2016, and Year 2 refers to tax year 2017.

Appendix Table A.7

Effects by Incarceration Status Prior to Study Entry

Outcome	Previously Incarcerated			Not Previously Incarcerated		
	Program Group	Control Group	Difference (Effect)	Program Group	Control Group	Difference (Effect)
After-bonus earnings ($)						
Year 1	8,878	7,934	944*	11,939	11,218	721**
Year 2	9,810	9,235	575	13,882	13,417	465
Any earnings (%)						
Year 1	77.2	75.5	1.8	83.5	83.2	0.2
Year 2	71.0	69.3	1.7	81.5	81.5	0.1
Average earnings ($)						
Year 1	8,598	8,011	587	11,607	11,345	262
Year 2	9,831	9,473	358	13,920	13,821	99
Filed taxes (%)						
Year 1	47.4	34.9	12.5***	67.6	56.2	11.4***
Year 2	41.9	35.3	6.6**	65.1	53.6	11.4***
Sample size (total = 3,536)	563	567		1,213	1,193	

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

NOTES: Rounding may cause slight discrepancies in sums and differences.

Sample sizes may vary because of missing values.

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.

Earnings refers to wages plus self-employment income.

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

Year 1 refers to tax year 2016, and Year 2 refers to tax year 2017.

Appendix Table A.8

Effects by Age

Outcome	35 or Younger			Older Than 35			
	Program Group	Control Group	Difference (Effect)	Program Group	Control Group	Difference (Effect)	
After-bonus earnings ($)							
Year 1	11,923	10,554	1,369***	9,717	9,295	422	†
Year 2	13,528	12,671	857*	11,270	11,060	210	
Any earnings (%)							
Year 1	89.6	88.8	0.9	72.6	73.5	-0.9	
Year 2	85.8	86.7	-0.9	70.1	68.2	1.9	
Average earnings ($)							
Year 1	11,501	10,483	1,018**	9,494	9,504	-10	†
Year 2	13,452	12,780	672	11,385	11,557	-173	
Filed taxes (%)							
Year 1	67.9	56.8	11.1***	53.4	40.7	12.7***	
Year 2	63.1	55.4	7.7***	50.2	39.5	10.7***	
Sample size (total = 3,972)	758	827		1,238	1,149		

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

NOTES: Rounding may cause slight discrepancies in sums and differences.

Sample sizes may vary because of missing values.

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.

Earnings refers to wages plus self-employment income.

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

Year 1 refers to tax year 2016, and Year 2 refers to tax year 2017.

Appendix Figure A.1

Take-Home Sheet

Examples of Potential 2019 Paycheck Plus Bonus Payments (Specific Amounts Are Not Guaranteed)

Total earnings = wage income + self-employment

If your AGI is BELOW $18,000:

From Your Tax Forms:		Potential Bonus Amount
2018 total earnings and/or profit:	$300	**$50**
2018 total earnings and/or profit:	$750	**$150**
2018 total earnings and/or profit:	$1,000	**$200**
2018 total earnings and/or profit:	$2,250	**$450**
2018 total earnings and/or profit:	$3,250	**$700**
2018 total earnings and/or profit:	$4,250	**$900**
2018 total earnings and/or profit:	$5,000	**$1,050**
2018 total earnings and/or profit:	$6,250	**$1,350**
2018 total earnings and/or profit:	$10,000	**$1,550**
2018 total earnings and/or profit:	$12,250	**$1,750**
2018 total earnings and/or profit:	$15,350 to $17,999	**$2,000**

If your AGI is $18,000 or HIGHER:

2018 Adjusted Gross Income:	$18,000	**$2,000**
2018 Adjusted Gross Income:	$18,250	**$1,950**
2018 Adjusted Gross Income:	$19,250	**$1,750**
2018 Adjusted Gross Income:	$21,000	**$1,450**
2018 Adjusted Gross Income:	$22,750	**$1,200**
2018 Adjusted Gross Income:	$25,000	**$800**
2018 Adjusted Gross Income:	$26,750	**$500**
2018 Adjusted Gross Income:	$28,750	**$150**
2018 Adjusted Gross Income:	$29,999	**$20**

SOURCE: Paycheck Plus program documents.

NOTE: AGI is adjusted gross income.

Appendix Figure A.2
Paycheck Plus Reminder Postcard

BACK

ATTENTION UNITED WAY PAYCHECK PLUS PARTICIPANTS!

STARTING IN JANUARY, YOU CAN APPLY FOR YOUR SECOND PAYCHECK PLUS BONUS, IF YOU:

- Worked or were self-employed anytime in 2017
- Earned less than $30,000 from work or self-employment in 2017
- Are not claiming a dependent child on your 2017 taxes
- File your 2017 taxes

HOW TO APPLY FOR YOUR PAYCHECK PLUS BONUS

A Paycheck Plus engagement specialist will be available to help you apply for your second bonus payment of up to $2,000 and set an appointment to FILE YOUR TAXES FOR FREE, with a United Way Volunteer Income Tax Assistance (VITA) preparer.

Please follow these steps:

1. **Set your appointment** by calling 888-366-9647 to apply for your bonus and/or file your taxes.
2. **Visit a United Way Paycheck Plus site** on your scheduled appointment day.
3. **Bring** your ID and W2(s). If you already filed, bring your prepared taxes.
4. **Apply for your second bonus payment** with an engagement specialist.
5. **Notify us** if you have an address, phone number or e-mail change.

Expect a letter in January about where to apply.

Questions/Decline Contact United Way Paycheck Plus at **888-366-9647** or **paycheckplustatl@mdrc.org.**

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