

Due April 15th Use [this word file version](#) to submit your answers. Make your answers a different color/font that the question, put your answer after each question, use page numbers if cite numbers or use quotes. Citing readings, including the CBO study, Ellwood and Sawhill's (or anyone's) discussion of the marriage tax. References to the Fragile families Obama HHS web page. Don't for the EWH, especially the idea that higher wages reduce turnover and raise the first job rung on the mobility ladder from some (who?) though if the EWH holds, consumers and companies don't lose (but who does lose) We already asked this question about shoe and garment factories on the midterm. But then what if high wages squeeze profits or wages subsidies add to profits? See also section 4-F, this relates to international migration and \$1.25/day poverty reduction (and IG mobility) in Central America, especially GTM, HND and Southern Mexico. Short of time?, see notes after the EITC Table below...

Making work pay 4-1 briefly, list the pros and cons of a higher minimum wage versus tax credits/refunds such as the EITC/CTC to "make work pay" for low wage workers. Mention the recent [CBO study](#) and some recent Brookings studies of the EITC to argue the pros and cons of raising the minimum wages vs. increasing the [EITC and CTC](#)?

Targeting 4-2 How do both policies "target" poor families? Why is the EITC more likely to benefit families with children? Does the EITC drive down wages for childless workers at Walmart, Shoprite, etc.? *Who may also benefit from wage subsidies?* What percentage of minimum wage recipients live in poor families? How many people in the U.S. and NY (see Table below) are lifted out of poverty by the [EITC](#) (children vs. adults EITC/CTC 2010-2012)? In 2012 the U.S. population was about 314 million, so how much did the EITC/CTC reduce post transfer poverty (SPM but not OPM)?¹

Politics 4-3 Briefly, why is there a [bipartisan congressional consensus](#) on the EITC/CTC but not on the minimum wage? Use [Jason Furman's arguments](#) to support the argument for wage subsidies over higher minimum wages (e.g. how much do Walmart prices lower the cost of living for low wage workers?). *EC: Who is Jason Furman? Why are Walmart prices this not reflect in official income or poverty data (even the SPM)? (hint how is our CPI measured?). Relate this consensus to the 1996 Welfare reform (President Clinton/Republican Congress) EC: to what extent is the CBO study minimum wage study a bipartisan consensus as well?*

4.4 Race and joblessness: Why is it harder to defend the EITC vs. a higher minimum wage in the "era of inequality"? Use Piketty and Wilson on the Minimum wage: summarize piketty's view of the minimum wage in France and the U.S. How would a higher minimum wage help African American men in particular? Would it be better to extend the EITC to [childless workers](#) (men, particularly in inner cities? Discuss the pros and cons for family formation and increasing labor force participation (see Wilson on both issues

¹The EITC is included in the SPM [Supplemental Poverty measure](#) but not the OPM, this is why we have to do this calculation). In 2012 about 16 million children were poor, or about 1 in 5 children, but 5.1-5.3 million children were lifted out of poverty by the EITC/CTC. Without these benefits the child poverty rate would have 25% (compared to already high 20% officially). *Coincidentally, one in four children in the United States is Hispanic, and this demographic group has the highest poverty rate for children in the country. Why is this a concern, and yet great progress for many Hispanic residents of the United States (who might they compare themselves with to conclude they are not poor?).*

State Estimates of People and Children Lifted out of Poverty by EITC and CTC per Year, 2010-2012

Data suppressed for states with small sample sizes

State	People Kept Out of Poverty by EITC & CTC	Children Kept Out of Poverty by EITC & CTC	People Kept Out of Poverty by EITC Alone	Children Kept Out of Poverty by EITC Alone
<i>Nation</i>	9,695,000	5,077,000	6,274,000	3,187,000
Alabama	166,000	90,000	113,000	61,000
Alaska	16,000	8,000	-	-
Arizona	258,000	134,000	191,000	92,000
Arkansas	113,000	59,000	71,000	37,000
California	1,281,000	629,000	764,000	365,000
Colorado	143,000	79,000	82,000	43,000
Connecticut	72,000	36,000	47,000	23,000
Delaware	29,000	15,000	18,000	8,000
District of	14,000	7,000	9,000	-
Florida	601,000	317,000	394,000	196,000
Georgia	434,000	234,000	280,000	142,000
Hawaii	55,000	27,000	36,000	17,000
Idaho	76,000	40,000	47,000	25,000
Illinois	451,000	233,000	294,000	146,000
Indiana	185,000	103,000	114,000	61,000
Iowa	66,000	36,000	45,000	23,000
Kansas	74,000	40,000	-	-
Kentucky	154,000	88,000	108,000	60,000
Louisiana	142,000	82,000	-	-
Maine	24,000	12,000	-	-
Maryland	126,000	64,000	73,000	37,000
Massachusetts	141,000	74,000	-	-
Michigan	217,000	113,000	121,000	-
Minnesota	110,000	63,000	59,000	34,000
Mississippi	113,000	58,000	80,000	39,000
Missouri	172,000	99,000	103,000	59,000
Montana	-	-	-	-
Nebraska	50,000	27,000	33,000	17,000
Nevada	109,000	57,000	66,000	33,000
New Hampshire	17,000	9,000	-	-
New Jersey	214,000	110,000	151,000	74,000
New Mexico	68,000	36,000	-	-
New York	604,000	308,000	383,000	192,000
North Carolina	387,000	202,000	298,000	152,000
Ohio	283,000	150,000	191,000	99,000
Oklahoma	106,000	65,000	-	-
Oregon	130,000	66,000	86,000	44,000
Pennsylvania	230,000	120,000	155,000	77,000
Rhode Island	29,000	14,000	20,000	9,000
South Carolina	134,000	78,000	96,000	56,000
South Dakota	16,000	-	-	-
Tennessee	205,000	104,000	136,000	69,000
Texas	1,216,000	647,000	831,000	438,000
Utah	92,000	49,000	56,000	-
Vermont	13,000	7,000	-	-
Virginia	146,000	73,000	92,000	44,000
Washington	199,000	100,000	112,000	53,000
Wisconsin	129,000	67,000	86,000	43,000
Wyoming	-	-	-	-

Source: Brookings Institution analysis of Supplemental Poverty Measure Public Use Data