

Paycheck**PLUS**:

Early Lessons from Testing an
Earnings Supplement for Single Adults

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PaycheckPLUS

- Demonstration in New York City and Atlanta
- Testing the impact of a work-based earnings supplement, building on the Earned Income Tax Credit (EITC)
- Expansion of modest existing EITC for single adults without dependents (including noncustodial parents)
- Evaluated by MDRC using a randomized control trial – to collect evidence of its effects on work, income, financial well-being, and other outcomes
- Inform policymakers with this evidence

Paycheck**PLUS** Study Sites

New York City (Food Bank For New York City)

- 6,000 enrolled in the study (September 2013 through February 2014)
- 3,000 randomly chosen to be in Paycheck Plus program group (remaining 3,000 in a control group)
- Paycheck Plus group can earn annual bonus of up to \$2,000 each year after they file taxes in 2015, 2016, 2017

PaycheckPLUS Study Sites, cont.

Atlanta (United Way of Greater Atlanta)

- 4,000 enroll (starting fall 2015); 2,000 in Paycheck Plus group
- Bonus in 2017, 2018, 2019

Both Cities

- Outcomes tracked for Paycheck Plus group and control group for up to 4 years, to learn effects of the bonus. Data sources:
 - baseline survey
 - participant survey at 32 months after random assignment
 - tax data from participating tax sites
 - administrative records covering unemployment insurance earnings and child-support payments and orders

How Paycheck**PLUS** Works

- Enrollment followed by initial “earning year” (NYC: 2014)
 - Reminders to work during the year, and to file taxes the following spring
- First bonus after filing taxes (NYC: 2015 tax season)
- Bonus amount is tied to earnings amount. “Tops up” the existing EITC for single filers without dependents:
 - Maximum **earnings** eligibility increased from \$14,590 (existing EITC for single filers) to \$29,900 (Paycheck Plus)
 - Maximum **bonus amount** increased from about \$500 (existing EITC for single filers) to \$2,000 (Paycheck Plus)

PaycheckPLUS Sample

Eligibility to enroll:

- ❑ Ages 21-64 at time of enrollment
- ❑ Live or work within targeted geographic area
- ❑ Earned \$0-\$29,999 during past 12 months prior to enrollment (from work and/or self-employment)
- ❑ Filing taxes as Single, and not claiming any children on most recent tax return
- ❑ Have a Social Security Number
- ❑ Willing to be part of Paycheck Plus study

Sample Characteristics (NYC)

- About 40 percent of study participants are women.
- 49 percent were age 35 or older when they enrolled.
- About 12 percent were noncustodial parents.
- 18 percent had been incarcerated in the past.
- Diverse in terms of employment and earnings:
 - Nearly all had worked at some point in the past.
 - Just under 30 percent had no earnings in prior 12 months.
 - 30 percent worked in prior 12 months but earned less than \$7,000.

Participant Engagement (NYC)

- Many recruitment sources and strategies (see 2014 MDRC report)
- Challenge of maintaining awareness and knowledge of the bonus
- Post-enrollment “refresher” meetings on how to earn the bonus
 - In-person, with \$50 incentive
 - About half of the Paycheck Plus group came in for a refresher visit
- Ongoing reminders on where to file taxes, how to submit for bonus; encouragement to visit Volunteer Income Tax Assistance (VITA) sites:
 - In 2014 (to file taxes for free)
 - In 2015 (to file taxes and claim first bonus)
 - Non-VITA filers could also bring in completed tax returns to submit for Paycheck Plus

First Year Participation (NYC)

- For the 2015 tax season, about half of participants in the Paycheck Plus group filed taxes or brought prepared taxes in to a Food Bank VITA site.
- 47 percent of participants in the Paycheck Plus group were found eligible for a bonus.
 - An estimated 72 percent of eligible filers received a Paycheck Plus bonus.
- The average bonus given was \$1,387.
- About 4 percent of bonus recipients were identified as having child support debt and had their bonuses partly or fully intercepted.

Next Steps

New York

- 2016 & 2017: two more bonuses; keep communicating with participants about the importance of working and filing taxes
- 2016: begin collecting data on the program's impact, comparing the program group with control group
- 2017: interim impact report will assess program's effects on income, poverty, and employment during the first two years
- 2018: final impact report

Atlanta

- Late 2015: launch Paycheck Plus enrollment
- 2017, 2018, 2019: bonus payments
- 2019 interim impact report; 2020 final impact report

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Questions?

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