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Federal Minimum Wage, Tax-Transfer Earnings Supplements, and Poverty, 2016 Update: In Brief

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Introduction

This report updates information from CRS Report R43409, *Federal Minimum Wage, Tax-Transfer Earnings Supplements, and Poverty*. It provides illustrative examples of how families' earnings at the minimum wage interact with the federal tax system (both federal payroll and income taxes) and Supplemental Nutrition Assistance Program (SNAP) benefits. The original report examined earnings, federal taxes, and SNAP benefits for families with a worker earning the current federal minimum wage ($7.25 per hour) and earning a proposed $10.10 per hour minimum wage. This report examines those wage levels and a proposed $15.00 per hour minimum wage based on tax and benefit rules in effect in 2016. Earnings and "net income" (after federal taxes and SNAP) are also examined in this report relative to the 2016 Federal Poverty Level (FPL).

The analysis examines wages, taxes, and benefits for four different types of families:

1. A single person with no children;
2. A childless couple;
3. A single parent with two children; and
4. A married couple with one child.

These family types are chosen to highlight the different treatment federal tax-transfer policies have on low-wage workers of different family types. They were *not* chosen as being representative of most minimum wage workers. The tables and figures below show the impact of policies on two childless workers—one married, one not. They also show the impact on two workers with children—one married, one not. (The married couples only have one worker.) The report highlights how policies differ between families with children and those without them. Additionally, the report assumes full-time work at the minimum wage all year, with work schedules and wage rates not changing for the entire year. These assumptions are not necessarily representative of minimum wage workers, many of whom do not work full-time or whose employment status and wage rates might change during the year.[1]

Earnings and Poverty Status

A person working full-time (40 hours per week) all year (52 weeks per year) at the current federal minimum wage of $7.25 per hour earns a gross income of $15,080 per year. This is before taxes and any government benefits the individual might receive. Gross earnings depend on hours worked and the wage rate paid to the individual.

However, full-year, full-time work at the minimum wage produces a different standard of living depending on family circumstances; with a family's poverty status determined by both (1) its income and (2) the number of people living in the family. Larger families typically need more income to cover the necessities of life (food, clothing, shelter, medical care).

[1] In 2014, an estimated 3.0 million persons worked at, or below, the federal minimum wage. Of these persons, 2.0 million (two-thirds) worked part time, and 1.0 million (one-third) worked full time. See U.S. Department of Labor, Bureau of Labor Statistics, *Characteristics of Minimum Wage Workers, 2014*, April 2015. Additionally, research has shown that many minimum wage workers do experience changes in their wage rates and employment status. Comparisons of workers who earn the minimum wage in a given year tend to find that a majority of such workers either earn more than the minimum wage in the following year or leave employment. See William E. Even and David A. Macpherson, "The Wage and Employment Dynamics of Minimum Wage Workers," S*outhern Economic Journal*, vol. 69, no. 3 (January 2003), pp. 676-690. See also Ralph Smith and Bruce Vavrichek, "The Wage Mobility of Minimum Wage Workers," *Industrial and Labor Relations Review*, vol. 46, no. 1 (October 1992), pp. 82-88.

The greater financial need of larger families is reflected in the official federal poverty guidelines. **Table 1** shows the 2016 guidelines for family sizes of one through six and gross earnings from full-time work all year at the current federal minimum wage. As shown in the table, a single full-year, full-time worker earning the federal minimum wage has gross earnings ($15,080) *above* the FPL ($11,880) for a single individual. However, all families with a full-year, full-time worker earning the federal minimum wage have gross earnings *below* the FPL.

Table 1. Federal Poverty Level Compared with Gross Earnings from Full-Time, All Year Work at the Federal Minimum Wage, 2016

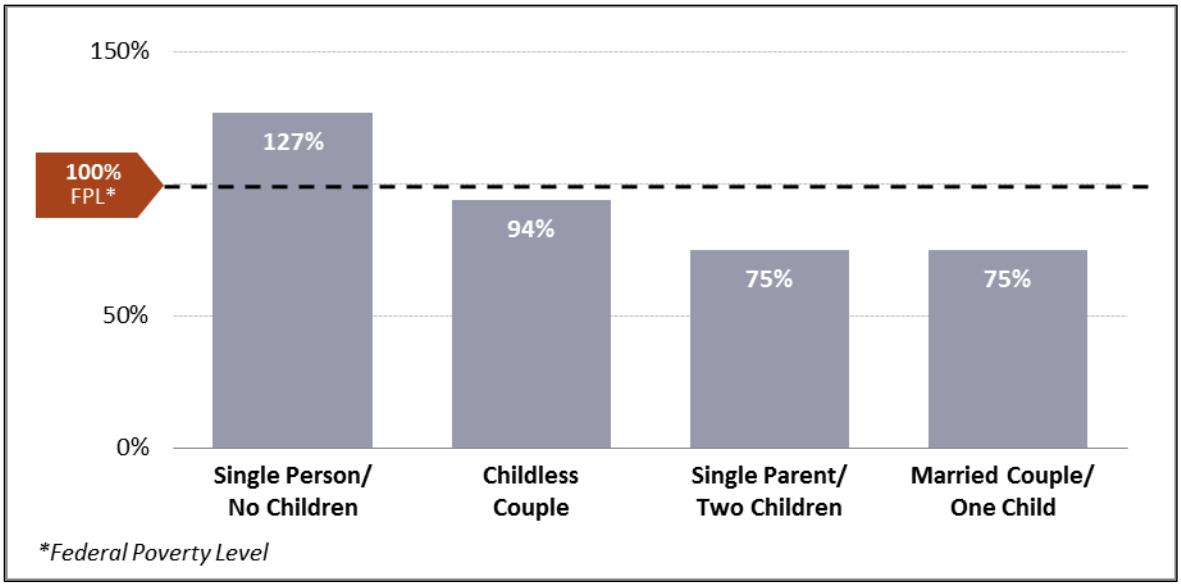
Federal Poverty Level is for the 48 Contiguous States and the District of Columbia

Family Size	Federal Poverty Level	Gross Earnings, Full-Time All Year at the Current Federal Minimum Wage	Minimum Wage Earnings as a Percent of the Federal Poverty Level
1	$11,880	$15,080	127%
2	16,020	15,080	94
3	20,160	15,080	75
4	24,300	15,080	62
5.	28,440	15,080	53
6	32,580	15,080	46

Source: Congressional Research Service (CRS). Federal poverty level is from U.S. Department of Health and Human Services, "Annual Update of the HHS Poverty Guidelines," 81 *Federal Register*, 4036-4037, January 25, 2016.

Figure 1 shows how gross earnings from full-time, year-round work at the current federal minimum wage relate to the FPL for the four family types discussed in this report. The single person without a child (a one-person family) is the only family type above poverty. The childless couple (two-person family) with one full-year, full-time minimum wage worker has gross earnings below the FPL, as do the single parent with two children and the married couple with one child (both three-person families).

Figure 1. Gross Earnings for a Worker Earning $7.25 per Hour, Full-Time, All-Year, as a Percentage of the 2016 Federal Poverty Level.



Source: Congressional Research Service (CRS) calculations.

Notes: Represents one worker earning $7.25 per hour, working 40 hours per week and 52 weeks per year.

The Impact of SNAP and Federal Taxes

The amount of goods and services a family is able to purchase in the marketplace depends on net income, not gross earnings. Net income measures the dollars available to a family *after* government benefits have been received and taxes (both payroll and income taxes) are paid.

Lower-income families might be eligible for, and receive, benefits from a range of federal or federal-state need-tested programs to help them meet their basic needs. While families might receive benefits from several different programs simultaneously (e.g., cash, food, or housing assistance), the program most commonly received, particularly among working low-income families, is SNAP. Other non-medical need-tested benefit programs are less commonly received, even among families who meet income and financial resource thresholds for those programs. Some need-tested programs have capped funding, and aid must be rationed through mechanisms such as waiting lists. Some programs (e.g., cash assistance from the Temporary Assistance for Needy Families (TANF) block grant) have work requirements and time limits that might deter some individuals from applying for aid. (For a discussion, see CRS Report R44327, *Need-Tested Benefits: Estimated Eligibility and Benefit Receipt by Families and Individuals*, by Gene Falk et al.)

Supplemental Nutrition Assistance Program

SNAP (the program formerly known as food stamps) provides benefits to increase the ability of low-income households to purchase food. SNAP benefits are generally predicated on households using 30% of their SNAP-countable income (after deductions are allowed by law) for food.[2]

[2] See CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits* for information on eligibility and benefit calculation.

Benefits make up the difference between what is needed to purchase a nutritionally adequate diet and 30% of countable income. Under federal rules, households must have gross income below 130% of the FPL and net income below 100% of the FPL to be eligible for SNAP. States have the option to set higher income limits (up to 200% of the FPL),[3] but the tables and figures shown here use the federal SNAP eligibility rules.

Federal Payroll and Income Taxes

Almost all earners pay federal Social Security and Medicare taxes, which reduce take-home pay. A worker pays 7.65% of his or her earnings in these taxes, often referred to as "payroll taxes." Federal income tax payments might also reduce take-home pay, though earnings must be of a minimum amount for a tax filer to have a federal income tax liability.

Refundable Tax Credits

The federal tax system also includes two key credits for low-income workers—the Earned Income Tax Credit (EITC) and the child tax credit.[4] Both credits might reduce federal income tax liabilities for families that have them. However, both credits are also refundable, meaning the value of the credit can exceed the taxpayer's income tax liability. Hence, families with no tax liability—which includes many low-income workers—can receive these credits. Workers apply for the credits when they file their federal income tax return. Thus, these credits are received once a year, in a lump sum, in the calendar year following that in which they are earned. For example, the EITC and/or child tax credits that workers accrue in 2016 would actually be received by tax filers in 2017. They add to a family's financial resources, but are not available for meeting ongoing basic needs in the year in which they are earned.[5]

Net Income After Taxes and Receipt of SNAP at the Current Federal Minimum Wage

Table 2 shows gross earnings, tax liabilities, SNAP benefits, and tax credits for a full-time, full-year worker at the minimum wage in 2016, with income related to poverty status for workers in each of the four family types. The table shows federal payroll and income taxes under 2016 rules, including the refundable tax credits that would be earned in 2016 but not received by the family until 2017. To show income available for ongoing needs in 2016, the table has a subtotal that shows income net of tax liabilities plus SNAP, but excluding the refundable credits that would be received in the next year.

The table shows that SNAP benefits and federal taxes affect a minimum wage earner who works all year differently, depending on family type:

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[3] See CRS Report R42054, *The Supplemental Nutrition Assistance Program (SNAP): Categorical Eligibility*.

[4] For background information on the EITC, see CRS Report R43805, *The Earned Income Tax Credit (EITC): An Overview*. For background on the child tax credit, see CRS Report R41873, *The Child Tax Credit: Current Law and Legislative History*.

[5] There is some research that provides evidence that EITC is spent in ways different from income received on an ongoing basis. For example, there is evidence that the EITC has a larger effect on spending on durable versus nondurable goods. See Lisa Barrow and Leslie McGranahan, "The effects of the earned income tax credit on the seasonality of household expenditures," *National Tax Journal*, vol. 53, no. 4 (December 2000). See also Andrew Goodman-Bacon and Leslie McGranahan, "How do EITC recipients spend their refunds?," *Federal Reserve Bank of Chicago, Economic Perspectives*, vol. 32, no. 2 (2nd Quarter 2008), pp. 17-32.

- The single person with no child pays more in taxes than he or she receives in SNAP and does not receive an EITC or a child tax credit. Thus, this minimum wage worker has net income below gross earnings.
- The childless couple receives an EITC and SNAP benefit that slightly more than offsets Social Security and Medicare taxes. This couple has no regular federal income tax liability. Thus, it has a net income slightly higher than its gross income.
- The families with children receive relatively large supplements to their earnings from SNAP and the refundable tax credits.
- In total, the single parent with two children receives an "earnings supplement" of over $9,300 per year in SNAP and refundable tax credit benefits. This brings overall net income (after SNAP and federal taxes) to $24,403 per year, or 121% of the FPL.
- The married couple with one child receives a smaller earnings supplement than the single parent with two children. (The refundable tax credit amounts are tied to the number of children in the family, not the total number of people in the family.)
- For the families with children, a large share of the earnings supplement comes from the refundable tax credits that are actually paid in the following calendar year. The income from net earnings and SNAP—that available on an ongoing basis—is insufficient to raise their incomes above the FPL (84.4% of poverty).

Table 2. Gross Earnings and Net Income for a Full-Time, Full-Year Minimum Wage Worker ($7.25 per Hour), by Family Type in 2016

	Single Person/ No Children	**Childless Couple** *One Worker*	**Single Parent/ Two Children**	**Married Couple/ One Child** *One Worker*
Gross Earnings	**$15,080**	**$15,080**	**$15,080**	**$15,080**
Payroll Taxes (Social Security and Medicare Taxes)	-1,154	-1,154	-1,154	-1,154
Federal Income Taxes (Before Credits)	-473	0	0	0
Net Earnings (Earnings Minus Tax Liabilities Before Credits)	***13,453***	***13,926***	***13,926***	***13,926***
SNAP	192	1,236	3,093	3,093
Net Income for Ongoing Needs (Net Earnings + SNAP)	***13,645***	***15,162***	***17,019***	***17,019***
Tax Credits				
Earned Income Tax Credit	0	410	5,572	3,373
Child Tax Credit	0	0	1,812	1,000
Totals (Net Earnings, SNAP, and Tax Credits)	**$13,645**	**$15,572**	**$24,403**	**$21,392**

	Single Person/ No Children	Childless Couple *One Worker*	Single Parent/ Two Children	Married Couple/ One Child *One Worker*
	As a Percentage of the FPL			
Gross Earnings	**126.9%**	**94.1%**	**74.8%**	**74.8%**
Payroll Taxes (Social Security and Medicare Taxes)	-9.7	-7.2	-5.7	-5.7
Federal Income Taxes (Before Credits)	-4.0	0.0	0.0	0.0
Net Earnings (Earnings Minus Tax Liabilities Before Credits)	***113.2***	***86.9***	***69.1***	***69.1***
SNAP	1.6	7.7	15.3	15.3
Net Income for Ongoing Needs (Net Earnings + SNAP)	***114.9***	***94.6***	***84.4***	***84.4***
Tax Credits				
Earned Income Tax Credit	0.0	2.6	27.6	16.7
Child Tax Credit	0.0	0.0	9.0	5.0
Totals (Net Earnings, SNAP, and Tax Credits)	**114.9%**	**97.2%**	**121.0%**	**106.1%**

Source: Congressional Research Service (CRS) calculations based on case simulation.

Notes: All federal tax (income and payroll) and SNAP calculations use 2016 rules. Federal income tax calculations assume the tax filer takes the standard deduction and appropriate number of personal exemptions; no other deductions were assumed. For SNAP, the household is assumed to take the standard deduction and receive the earned income disregard; no other deductions allowed under SNAP law are assumed. The figures assume a cost-of-living adjustment for SNAP on October 1, 2016, with the adjustment made by CRS consistent with the Congressional Budget Office's (CBO's) January 2016 economic forecast and federal budget baseline.

Proposals to Raise the Federal Minimum Wage

CRS Report R43409, *Federal Minimum Wage, Tax-Transfer Earnings Supplements, and Poverty*, examined the impact on family income of an increase in the federal minimum wage to $10.10 per hour based on congressional proposals that had been introduced through early 2014. Since that analysis was done, proposals have been advanced to raise the minimum wage even higher, to $15.00. This section illustrates what net income would be in 2016 if the federal minimum wage in that year were $10.10 per hour or $15.00 per hour, based on federal tax and SNAP rules in place during the year.[6]

Table 3 shows gross annual earnings at the various wage rates shown in this report. A $10.10 per hour minimum wage would translate into $21,008 per year in gross earnings for a full-time, full-year worker; a $15.00 per hour minimum wage would translate into $31,200 per year in gross earnings for such a worker.

[6] The 2014 CRS report showed some projections of income and income relative to poverty for 2016 under the $7.25 and $10.10 per hour minimum wages. The numbers in that report were projections, based on the Congressional Budget Office (CBO) baseline as it was released in February 2014. The numbers in this report differ slightly, as they use the actual rules in effect in 2016, including the actual 2016 FPL as released by the Department of Health and Human Services (HHS), rather than projections.

Table 3. Gross Earnings for Full-Time, Full-Year Work at Select Minimum Wage Levels

Minimum Wage	Gross Earnings Assuming Full-Time, Full-Year Work *40 hours/week, 52 weeks/year*
$7.25 per hour	$15,080
$10.10 per hour	21,008
$15.00 per hour	31,200

Source: Congressional Research Service (CRS) calculations.

Note that most proposals to increase the federal minimum wage would phase it in over time, and such a phase-in is not illustrated here. That is, these illustrations assume that the $10.10 and $15.00 rates are in effect in 2016. Therefore, because of inflation between 2016 and the year in which the minimum wage would reach its ultimate level, these illustrations could overstate the impact of what would be enacted.

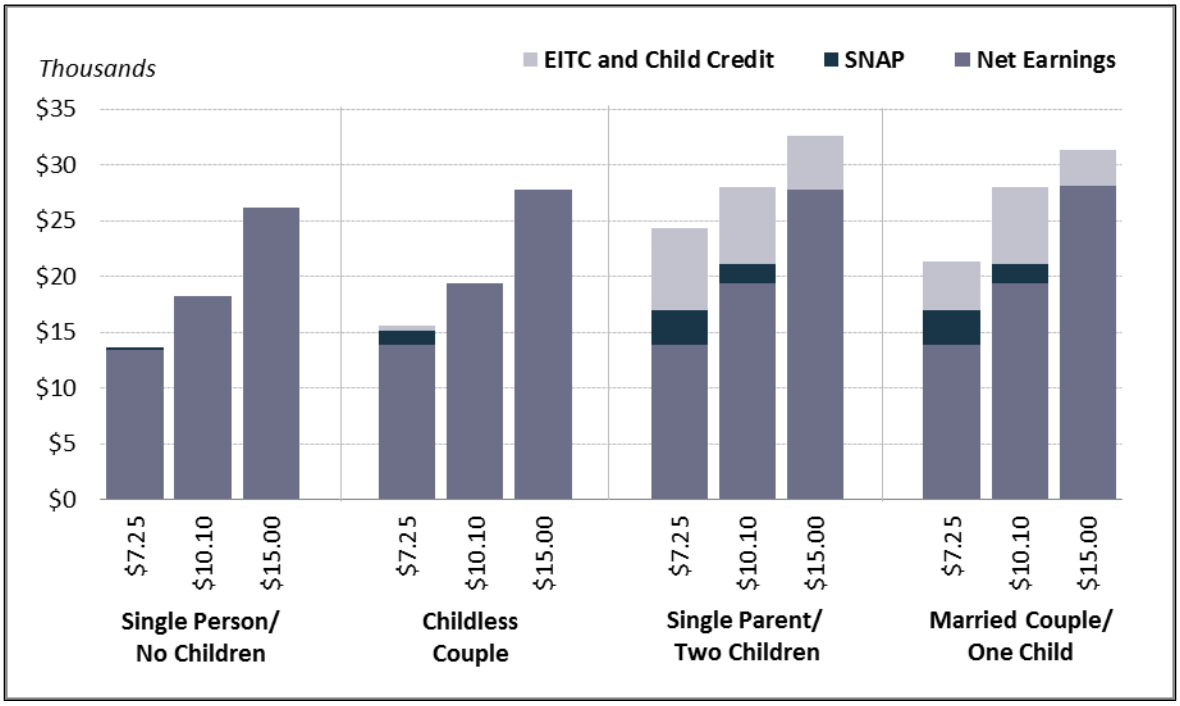
An increase in the federal minimum wage would raise family incomes, but that increase would not be dollar for dollar. Federal tax liabilities increase as gross earnings increase. Additionally, SNAP benefits are need-tested, so that higher earnings reduce SNAP benefits or can make a family ineligible for SNAP if it were to exceed the income thresholds. The EITC is also need-tested, as it is targeted to lower-income workers, and it begins to phase out above a certain earnings threshold. (The child tax credit does not begin to phase out until family adjusted gross income (AGI) reaches $75,000 for a single tax filer or $100,000 for a married couple.)

Figure 2 shows the impact of net (after federal tax and SNAP benefits) income of increases in the federal minimum wage from $7.25 per hour to $10.10 per hour or $15.00 per hour for minimum wage workers in the four family types discussed in this report. The childless families would have the largest gains in total net income from such wage hikes. They receive less in benefits (SNAP, tax credits) at the current minimum wage, and thus "lose" less in need-tested benefits as gross earnings increase.

Net income also increases for the two types of families with children. However, their net income in terms of dollars increases by less than that of the childless families. The net earnings supplements (less income and payroll tax payments) for a single mother with two children, which total over $9,300 at full-year, full-time work at $7.25 per hour, decline to $7,000 at $10.10 per hour. If the minimum wage were raised to $15.00 an hour, the net earnings supplements would decline to $1,490. The boost in net income over gross earnings at $15.00 per hour comes entirely from the refundable tax credits, because the family would no longer be eligible for SNAP. For the married couple with one child, net earnings supplements decline from $6,300 at the current minimum wage to $4,440 at $10.10 per hour and $149 at a $15.00 per hour. (See **Table A-1** for details on tax liabilities, credits, and SNAP benefits at a $10.10 per hour minimum wage. See **Table A-2** for these details at a $15.00 per hour minimum wage.)

Figure 2. Net Earnings, SNAP, and the EITC and Child Tax Credit, for a Full-Time, Full-Year Worker at Select Minimum Wages, 2016

Current Minimum Wage of $7.25 per Hour plus Illustrative Increases to $10.10 per Hour or $15.00 per Hour



Source: Congressional Research Service (CRS) calculations based on case simulation.

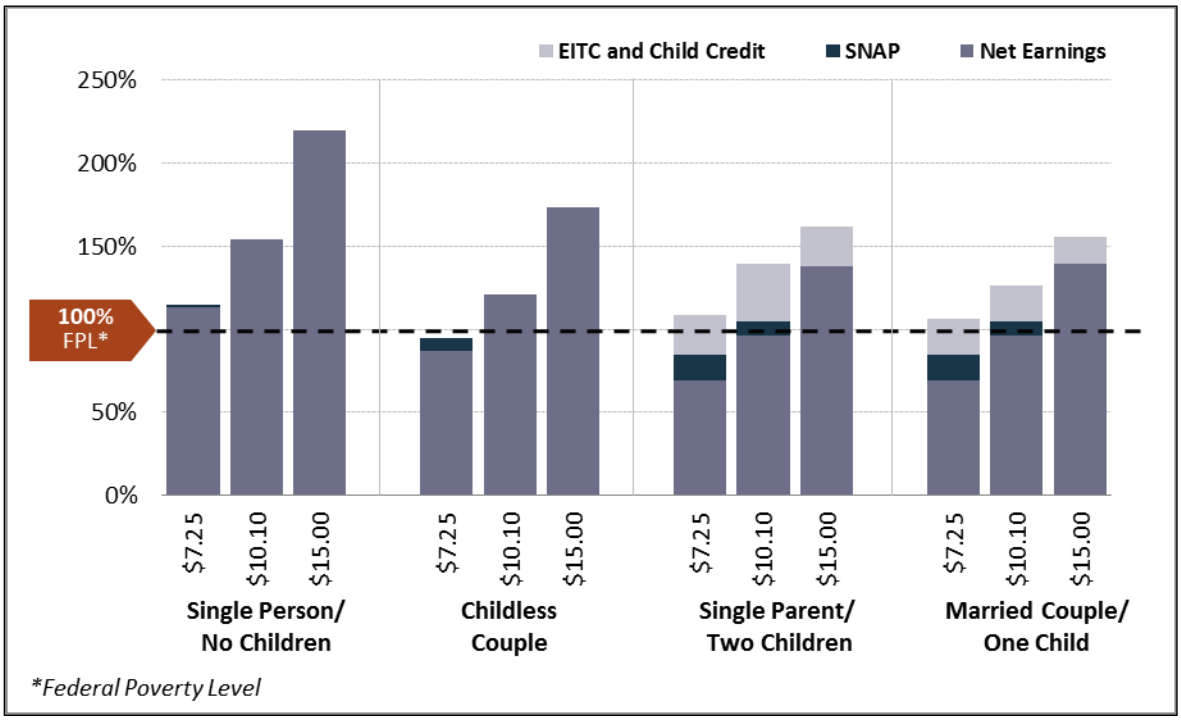
Notes: Net earnings are gross earnings less federal payroll and federal income taxes, before receipt of the EITC and the child credit. All federal tax (income and payroll) and SNAP calculations use 2016 rules. Federal income tax calculations assume the tax filer takes the standard deduction and appropriate number of personal exemptions; no other deductions were assumed. For SNAP, the household is assumed to take the standard deduction and receive the earned income disregard; no other deductions allowed under SNAP law are assumed. The figures assume a cost-of-living adjustment for SNAP on October 1, 2016, with the adjustment made by CRS consistent with the Congressional Budget Office's (CBO's) January 2016 economic forecast and federal budget baseline.

Figure 3 shows the effect of an increase in the federal minimum wage on net income as a percentage of the FPL. The figures show that net earnings plus supplements (SNAP, EITC, and the child credit) raise incomes above the FPL for all but childless couples. However, as previously discussed, EITC and the child credit are paid in the following year's tax refund, and hence are not available for ongoing basic needs in the year in which they are earned. For the childless couple and the two families with children illustrated in **Figure 3**, net earnings plus SNAP leaves net incomes available to meet ongoing needs below the FPL at a $7.25 per hour minimum wage.

At a minimum wage of $10.10 per hour, all families have total net incomes above the FPL. At that wage rate, the childless families have net incomes above the FPL based on earnings alone. However, families with children, even at a $10.10 per hour rate, would need earnings supplements to raise their incomes above the FPL. At this wage rate, net earnings plus SNAP raises the net incomes available for ongoing needs of the families with children above the FPL. (As noted, this was not true at the $7.25 per hour minimum wage.) At $15.00 per hour, net earnings alone would raise the incomes of all four families above the FPL.

Figure 3. Net Earnings, SNAP, and the EITC and Child Tax Credit, for a Full-Time, Full-Year Worker at Select Minimum Wages, 2016, As a Percentage of the Federal Poverty Level

Current Minimum Wage of $7.25 per Hour plus Illustrative Increases to $10.10 per Hour or $15.00 per Hour



Source: Congressional Research Service (CRS) calculations based on case simulation.

Notes: Net earnings are gross earnings less federal payroll and federal income taxes, before receipt of the EITC and the child credit. All federal tax (income and payroll) and SNAP calculations use 2016 rules. Federal income tax calculations assume the tax filer takes the standard deduction and the appropriate number of personal exemptions; no other deductions were assumed. For SNAP, the household is assumed to take the standard deduction and receive the earned income disregard; no other deductions allowed under SNAP law are assumed. The figures assume a cost-of-living adjustment for SNAP on October 1, 2016, with the adjustment made by CRS consistent with the Congressional Budget Office's (CBO's) January 2016 economic forecast and federal budget baseline.

Caveat on Federal Budget Savings by Raising the Minimum Wage

The illustrations above imply that the federal government could reduce its own outlays (and raise its revenues) through an increase in the federal minimum wage. While this reduction in outlays might occur for individual workers who experience wage increases and continue to work full-year, full-time, the increase in earnings and reductions in benefits might not impact the society as a whole. The effect of an increase on the federal minimum wage and the budget would depend on how both workers and firms respond to it. Would firms lay off workers because they could not afford to pay higher wages? Would they pass along higher costs to consumers, including the federal government, and cause higher cost-of-living adjustments in certain federal assistance programs? Could workers themselves respond to the higher income they receive by cutting back

on hours? If so, workers would not experience the kind of earnings increase shown, and thus the reductions in need-based benefits, shown in this report.

In 2014, the Congressional Budget Office (CBO) discussed the budgetary impact of an increase in the federal minimum wage, concluding that for the short term it would "probably be a small decrease in the federal budget deficit," and that the longer-term impacts were unknown.[7]

Conclusion

This report updates some of the information in CRS Report R43409, *Federal Minimum Wage, Tax-Transfer Earnings Supplements, and Poverty*, specifically its computation of the impact of federal taxes and SNAP benefits on the income of minimum wage workers. Both reports determine the following:

- At the current minimum wage, considerable earnings supplements are available for minimum wage workers in families with children. Under the current federal minimum wage of $7.25, a single parent with two children who works full-time all year can have their net income boosted through SNAP benefits and tax credits by over $9,300 a year.
- Smaller earnings supplements are available for minimum wage workers without children. This partially reflects that childless single people and couples have less "need" (as measured by the FPL), but it also reflects that benefits tend to be tied to the presence and number of children in a family.
- Increases in the minimum wage raise net incomes, but with less than a dollar for dollar effect as "need-based" benefits phase out and federal tax liabilities increase.

For the family types illustrated in this report, increases in the federal minimum wage increase the share of total income received directly through wages while decreasing government-provided earnings supplements. However, how a minimum wage increase actually plays out in the economy will depend on how both workers and firms respond to the wage hike. These issues are discussed in CRS Report R43409, *Federal Minimum Wage, Tax-Transfer Earnings Supplements, and Poverty*, but not discussed in this update.

[7] See Congressional Budget Office, *The Effects of a Minimum Wage Increase on Employment and Family Income*, February 2014, p. 3.

Appendix. Detailed Table on the Impact of an Increase in the Minimum Wage on Select Family Types

Table A-1. Gross Earnings and Net Income for a Full-Time, Full-Year Worker at a $10.10 Per Hour Wage, 2016

	Single Person/No Children	Childless Couple	Single Parent/Two Children	Married Couple/One Child
Gross Earnings	**$21,008**	**$21,008**	**$21,008**	**$21,008**
Payroll Taxes (Social Security and Medicare Taxes)	-1,607	-1,607	-1,607	-1,607
Federal Income Taxes (Before Credits)	-1,135	-31	0	0
Net Earnings (Earnings Minus Tax Liabilities Before Credits)	***18,266***	***19,370***	***19,401***	***19,401***
SNAP	0	0	1,674	1,674
Net Income for Ongoing Needs (Net Earnings + SNAP)	***18,266***	***19,370***	***21,075***	***21,075***
Tax Credits				
Earned Income Tax Credit	0	0	4,979	3,373
Child Tax Credit	0	0	2,000	1,000
Totals (Net Earnings, SNAP, and Tax Credits)	**$18,266**	**$19,370**	**$28,053**	**$25,448**
As a Percentage of the FPL				
Gross Earnings	**176.8%**	**131.1%**	**104.2%**	**104.2%**
Payroll Taxes (Social Security and Medicare Taxes)	-13.5	-10.0	-8.0	-8.0
Federal Income Taxes (Before Credits)	-9.6	-0.2	0.0	0.0
Net Earnings (Earnings Minus Tax Liabilities Before Credits)	***153.8***	***120.9***	***96.2***	***96.2***
SNAP	0.0	0.0	8.3	8.3
Net Income for Ongoing Needs (Net Earnings + SNAP)	***153.8***	***120.9***	***104.5***	***104.5***
Tax Credits				
Earned Income Tax Credit	0.0	0.0	24.7	16.7
Child Tax Credit	0.0	0.0	9.9	5.0
Totals (Net Earnings, SNAP, and Tax Credits)	**153.8%**	**120.9%**	**139.2%**	**126.2%**

Source: Congressional Research Service (CRS) calculations based on case simulation

Notes: Net earnings are gross earnings less federal payroll and federal income taxes, before receipt of the EITC and the child credit. All federal tax (income and payroll) and SNAP calculations use 2016 rules. Federal income tax calculations assume the tax filer takes the standard deduction and the appropriate number of personal exemptions; no other deductions were assumed. For SNAP, the household is assumed to take the standard deduction and receive the earned income disregard; no other deductions allowed under SNAP law are assumed. The figures assume a cost-of-living adjustment for SNAP on October 1, 2016, with the adjustment made by CRS consistent with the Congressional Budget Office's (CBO's) January 2016 economic forecast and federal budget baseline.

Table A-2. Gross Earnings and Net Income for a Full-Time, Full-Year Worker at a $15.00 Per Hour Wage, 2016

	Single Person/No Children	Childless Couple	Single Parent/Two Children	Married Couple/One Child
Gross Earnings	***$31,200***	***$31,200***	***$31,200***	***$31,200***
Payroll Taxes (Social Security and Medicare Taxes)	-2,387	-2,387	-2,387	-2,387
Federal Income Taxes (Before Credits)	-2,664	-1,050	-975	-645
Net Earnings (Earnings Minus Tax Liabilities Before Credits)	***26,150***	***27,763***	***27,838***	***28,168***
SNAP	0	0	0	0
Net Income for Ongoing Needs (Net Earnings + SNAP)	***26,150***	***27,763***	***27,838***	***28,168***
Tax Credits				
Earned Income Tax Credit	0	0	2,832	2,181
Child Tax Credit	0	0	2,000	1,000
Totals (Net Earnings, SNAP, and Tax Credits)	***$26,150***	***$27,763***	***$32,670***	***$31,349***
As a Percentage of the FPL				
Gross Earnings	***262.6%***	***194.8%***	***154.8%***	***154.8%***
Payroll Taxes (Social Security and Medicare Taxes)	-20.1	-14.9	-11.8	-11.8
Federal Income Taxes (Before Credits)	-22.4	-6.6	-4.8	-3.2
Net Earnings (Earnings Minus Tax Liabilities Before Credits)	***220.1***	***173.3***	***138.1***	***139.7***
SNAP	0.0	0.0	0.0	0.0
Net Income for Ongoing Needs (Net Earnings + SNAP)	***220.1***	***173.3***	***138.1***	***139.7***
Tax Credits				
Earned Income Tax Credit	0.0	0.0	14.0	10.8
Child Tax Credit	0.0	0.0	9.9	5.0
Totals (Net Earnings, SNAP, and Tax Credits)	***220.1%***	***173.3%***	***162.1%***	***155.5%***

Source: Congressional Research Service (CRS) calculations based on case simulation.

Notes: Net earnings are gross earnings less federal payroll and federal income taxes, before receipt of the EITC and the child credit. All federal tax (income and payroll) and SNAP calculations use 2016 rules. Federal income tax calculations assume the tax filer takes the standard deduction and the appropriate number of personal exemptions; no other deductions were assumed. For SNAP, the household is assumed to take the standard deduction and receive the earned income disregard; no other deductions allowed under SNAP law are assumed. The figures assume a cost-of-living adjustment for SNAP on October 1, 2016, with the adjustment made by CRS consistent with the Congressional Budget Office's (CBO's) January 2016 economic forecast and federal budget baseline.

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