AN EARNED INCOME TAX CREDIT THAT WORKS FOR SINGLES

Final Impact Findings from the Paycheck Plus Demonstration in Atlanta

OPRE Report 2022-54

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Overview

Low-wage work, particularly in service sector industries, offers only precarious security for its workforce. This reflects decades of rising wage inequality, with rising wages for workers in high-paying jobs and stagnant or falling wages for workers earning low wages. Recently, the COVID-19 pandemic further exposed this tenuous situation for people working in retail, recreation, and food services, and for essential workers in grocery stores and hospitals.

The Earned Income Tax Credit (EITC), one of the federal government's largest antipoverty programs, has lifted millions of people out of severe poverty. It provides a refundable credit at tax time to eligible workers with low incomes. An extensive research base demonstrates its effectiveness, and it has gained bipartisan support from policymakers for both its antipoverty and pro-work effects. However, the credit provides only a very small refund for single workers with no qualifying children.

Paycheck Plus is a test of an EITC expansion for low-income workers without dependent children. Paycheck Plus offered childless workers a credit, referred to in the program as a bonus, of up to $2,000 at tax time and extended benefits to eligible workers earning up to $30,000 per year, twice the maximum income limit of the federal EITC. This report presents findings through three years of the project's work in Atlanta. Between late 2015 and early 2016, about 4,000 single adults with low incomes 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, and running through 2019.

PRIMARY RESEARCH QUESTIONS

Would a more generous refundable tax credit increase the after-tax income of workers with low incomes and no children, much as it has done for workers with children?

What effects would a more generous EITC have on employment and earnings? Would it have unintended negative effects, or would it increase work effort, especially among harder to employ populations such as people with criminal justice histories and those with child support orders?

How difficult would it be to reach and engage workers with low incomes and no child dependents? Would additional support be needed to help people without jobs find employment so they can receive the more generous EITC benefit?

PURPOSE

Paycheck Plus was tested in Atlanta to add to the evidence of how an expanded EITC might work in a context different from that of New York City, where the program ran from 2014 through 2017. The Atlanta

study assessed take-up rates (the percent of eligible adults who applied for and received the bonus) and program's effects on employment, earnings, and income over three years. 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

About 45 percent of the program group members who were eligible for a bonus received one in the third year of the program. Among those who received bonuses in Year 3, the average amount was $1,296. Lower tax filing rates among individuals with very low earnings who are not required to file taxes may account for the high proportion of individuals who were eligible for the Paycheck Plus bonus but did not receive it. The bonus eligibility rate of 57 percent (based on 2018 earnings) was slightly lower in the third year of the program than in the first two years, since some people stopped working and others earned more than $30,000.

The final year of the program was affected by many operational challenges, including reaching eligible participants to encourage them to apply for the bonus. Paycheck Plus Atlanta's operating capacity also shrank substantially in its final year, driven by cutbacks in United Way's Volunteer Income Tax Assistance (VITA) program, an important operational program partner. (VITA programs offer free tax help to individuals who earned under $57,000 in the past year.) Challenges included reductions in the number of VITA locations and reduced VITA staff capacity. Staff members also reported many instances of outdated contact information, participants forgetting about Paycheck Plus, and participants misunderstanding the eligibility requirements for the bonus payments. These challenges were exacerbated by Atlanta participants' fewer initial connections to the VITA program than the New York participants had.

Paycheck Plus increased after-bonus earnings in the first year of the program but not in Years 2 and 3. It neither increased nor reduced employment during the program's three years. Average after-bonus earnings was $10,601 for the program group during Year 1, compared with $9,826 for the control group, for a statistically significant increase of $775, or about 8 percent. By Year 3, the increase in after-bonus earnings was small and statistically insignificant. About 80 percent of Paycheck Plus study participants were employed each year during the study and averaged earnings of about $12,000 per year.

Paycheck Plus led to a large and sustained increase in tax filing rates, and particularly in the use of VITA sites to file taxes. In the third year of the program, 44 percent of the control group filed their taxes. Paycheck Plus increased the filing rate by 9 percentage points, sustaining the impacts from the first two years of the program. Additionally, the program produced a nearly fivefold increase in filing taxes at a VITA site—in Year 3, only 4 percent of control group members filed their taxes at a VITA site, compared with more than 20 percent of program group members.

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 3.

The Atlanta study did not measure effects on other secondary outcomes, including family formation, criminal justice involvement, and health status.

METHODS

Between October 2015 and April 2016, the project recruited approximately 4,000 single adults without dependent children to take part in the study. Individuals were eligible 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 or Social Security Disability Insurance. 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 Georgia Department of Human Services.

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Acknowledgments

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The Authors

Executive Summary

Low-wage work, particularly in service sector industries from retail to recreation to food services, and in settings from grocery stores to hospitals, offers precarious job security, even to workers whose jobs have been deemed essential.[1] The COVID-19 pandemic (which hit the nation a year after the Paycheck Plus demonstration in Atlanta ended) further exposed this vulnerability to economic instability. The Earned Income Tax Credit (EITC), one of the federal government's largest antipoverty programs, has lifted millions of people with low earnings out of severe poverty.[2] Both to offset the tax burden on people who earn low wages and to help supplement those earnings, it provides a credit at tax time to eligible workers. The credit is refundable, meaning that it is first used to pay any taxes owed, with the remainder paid to the recipient as a tax refund. For tax year 2020, for example, a single mother of two children with a low income could have received a federal tax refund of up to $5,920, depending on how much she worked.[3] With an extensive research base demonstrating its effectiveness, the EITC is the rare public policy that has enjoyed bipartisan support from policymakers for both its antipoverty and pro-work effects.[4] However, despite this support, and a nearly 50-year stretch of stagnant earnings growth in the nation's low-wage labor markets, the EITC's design provides only a very small refund for single workers with no qualifying children.[5] The maximum credit for a working parent with no qualifying children is $538. Unmarried workers with low incomes, but without dependent children, number over 20 million. This figure includes young women and men, parents with adult children, and parents who do not live with their children but often help support them, referred to throughout this report as "noncustodial parents."[6]

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[1]Cynthia Miller, *Expanding the Earned Income Tax Credit as a Response to the COVID-19 Crisis* (New York: MDRC, 2020).

[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/federaltax/policy-basics-the-earned-income-tax-credit.

[3]Internal Revenue Service, "Earned Income and Earned Income Tax Credit (EITC) Tables" (Washington, DC: Internal Revenue Service, 2020), website: https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/earned-income-and-earned-income-tax-credit-eitc-tables.

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

[5]An adult has a "qualifying" child if the child is under 19 and claimed as a minor dependent on the adult's tax return. In this report, "dependent child" and "qualifying child" are interchangeable, as are "no children" and "no qualifying children."

[6]Calculations from the 2016 American Community Survey. "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.

Expanding the EITC for childless workers has also garnered bipartisan support and support among policy experts, although it has yet to become a long-term federal policy. In 2014, for example, both President Barack Obama and House Speaker Representative Paul Ryan made similar proposals to increase the credit for childless workers and extend eligibility based on income and age.[7] More recently, a handful of states expanded their state EITC for workers without dependent children to reduce some of the disparity in benefits between workers with and without children.[8] The American Rescue Plan Act of 2021 includes a one-year expansion of the federal EITC for childless workers that would raise the maximum credit to just under $1,500.[9]

The Paycheck Plus demonstration, evaluated by MDRC and run in New York City and Atlanta, Georgia, tested this type of EITC expansion. Paycheck Plus offered childless workers a credit, referred to in the program as a bonus, of up to $2,000 at tax time. The demonstration also extended benefits to eligible workers earning up to $30,000 per year, twice the maximum income limit of about $15,000 for the 2018 version of the federal EITC. In both cities, individuals without dependent children who earned less than $30,000 in the previous tax year were enrolled in the study. Half of the participants were randomly selected to be eligible for the Paycheck Plus program for three years, and the other half served as a control group. The study tracked both groups over time to assess the policy's effects.

The studies were designed to help policymakers answer three central questions:

- Would a more generous refundable tax credit increase the after-tax income of workers with no children, much as it has done for workers with children?

- What effects would a more generous EITC have on employment and earnings? Would it have unintended negative effects, or would it increase work effort, especially among harder-to-employ populations such as people with prior justice system involvement and people with child support orders?

- How difficult would it be to reach and engage childless workers with low incomes? Would additional support be needed to help people without jobs find employment so they can receive the more generous EITC benefit?

Two earlier reports detailed the effects of Paycheck Plus in New York after three years and in Atlanta after two years. In New York, the more generous bonus increased workers' after-bonus earnings

[7]Darrel Thompson, Ashley Burnside, and Whitney Bunts, *EITC of Childless Workers: What's at Stake for Young Workers* (Washington, DC: Center for Law and Social Policy, 2020).

[8]Richard Williams, "Expanding Earned Income Tax Credits for Childless Workers," *National Conference of State Legislatures LegisBrief* 27, 43 (2019). Each state does this a bit differently, with changes to phase-in/phase-out percentages, income eligibility thresholds, and maximum credit allowances.

[9]Chuck Marr, Kris Cox, Stephanie Hingtgen, Katie Windham, and Arloc Sherman, *American Rescue Plan Act Includes Critical Expansions of the Child Tax Credit and EITC* (Washington, DC: Center on Budget and Policy Priorities, 2021).

(earnings after accounting for taxes and the Paycheck Plus bonus), modestly increased employment rates, increased tax filing rates, and increased child support payment among noncustodial parents.[10] The findings in Atlanta after two years were less consistent than in New York. The program produced an increase in after-bonus earnings in the first year of the program but did not increase employment rates. Paycheck Plus increased tax filing rates, including large increases in the use of Volunteer Income Tax Assistance (VITA) sites for tax preparation.[11] The program had no effects on child support payments through the first two years of the program.[12]

This report presents findings from Atlanta after three years of operating Paycheck Plus. The program had no effect on after-bonus earnings or employment in the third program year. Lower program engagement in Atlanta than in New York may have contributed to the lack of detectable effects on after-bonus earnings or employment. Study participants in Atlanta were more geographically dispersed and less connected to the tax system and free tax preparation sites than participants in New York.

One important consideration in this evaluation: When program recruitment began, the United Way of Greater Atlanta, MDRC's partner in administering the program, had only recently assumed responsibility for administering the VITA program in Atlanta and was now being asked to recruit a previously underserved category of workers with low wages. In the third year of the program, amid some larger restructuring efforts, it was forced to scale back the number of VITA center sites that had previously been frequented by Paycheck Plus participants, and this further limited access to free tax preparation sites for study participants. These challenges notwithstanding, Paycheck Plus continued to have a large effect on the tax filing rate, especially among those who had earnings in the year before they enrolled in the study.

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.

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[10]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).

[11]VITA programs have locations nationwide and provide free tax preparation and counseling services for people with low to moderate incomes, people with disabilities, and people with limited English proficiency. For more information, see https://www.irs.gov/individuals/free-tax-return-preparation-for-qualifying-taxpayers.

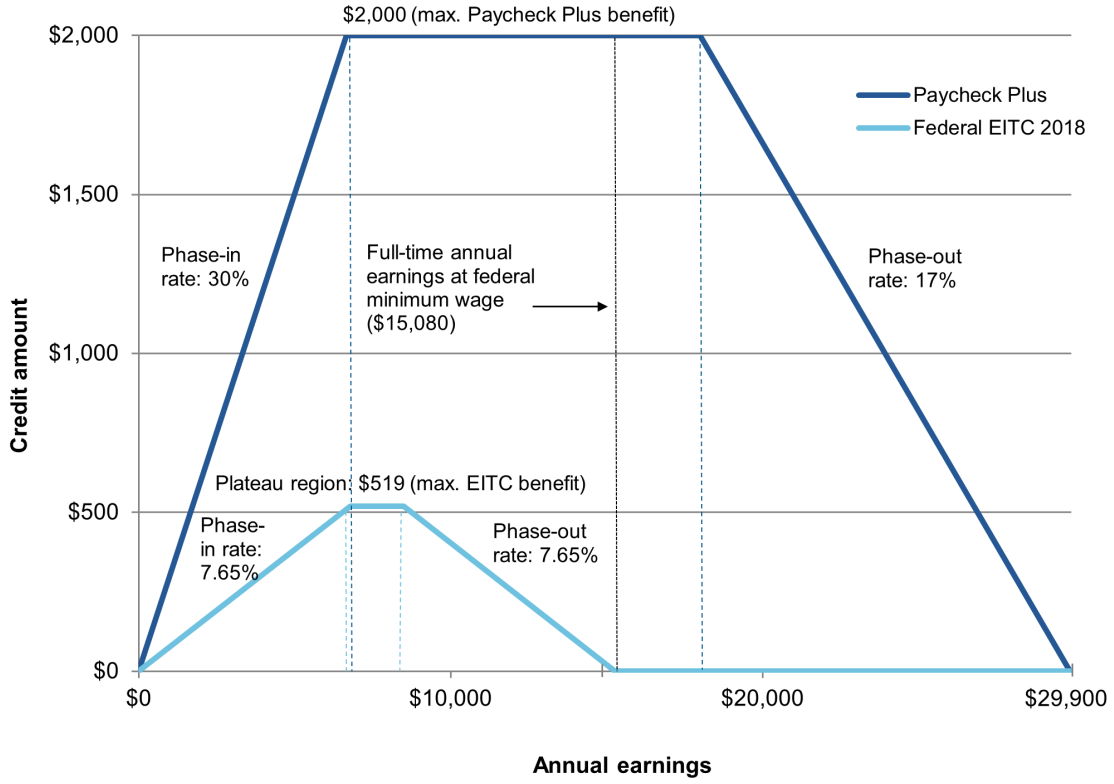
[12]Cynthia Miller, Lawrence F. Katz, Edith Yang, Alexandra Bernardi, Adam Isen, and Kali Aloisi, *A More Generous Earned Income Tax Credit for Singles: Interim Findings from the Paycheck Plus Demonstration in Atlanta* (New York: MDRC, 2020).

PAYCHECK PLUS

Paycheck Plus tests the effects of a more generous EITC for adults without dependent children. Figure ES.1 shows how the Paycheck Plus bonus compares with the federal EITC for workers without dependent children. For tax year 2018, the federal EITC was available only to workers who made less than about $15,000, with a maximum benefit of $519. Paycheck Plus raised the income limit for eligibility to $30,000 and increased the maximum benefit to $2,000.

Figure ES.1

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



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

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

The dark 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 light blue for the federal EITC and in dark blue for Paycheck Plus.

MDRC partnered with the United Way of Greater Atlanta to recruit study participants and to run the program. Over 4,000 single adults without dependent children enrolled in the study between October 2015 and April 2016. Adults were eligible for the study if they were unmarried, between the ages of 21 and 64, earned less than $30,000 in the prior year, and were not planning to claim a child dependent on their next tax return. United Way directed its recruitment effort to organizations in its network and throughout the Atlanta metropolitan area, which includes 13 counties, that served populations who qualified for Paycheck Plus. Georgia's Department of Human Services Division of Child Support Services (DCSS) was also an important partner during enrollment. It invited Paycheck Plus program staff to recruit eligible individuals from several fatherhood programs sponsored by DCSS. The Atlanta study sample had much higher proportions of noncustodial parents and previously incarcerated individuals than in the New York study sample.

Of the 4,000 participants in the study, about 86 percent were non-Hispanic Black, 61 percent were male, and 60 percent were older than 35.[13] Most participants had at least a high school diploma or equivalent (only 14 percent had no degree), and the vast majority (80 percent) earned less than $18,000 in the previous year. About 42 percent of participants reported that they were noncustodial parents at the time of study enrollment.

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. 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 tax years 2016, 2017, and 2018, respectively.

Paycheck Plus was designed to mirror the process of applying for and receiving the federal EITC as much as possible. This was not entirely feasible, however, since the program operated outside of the federal tax system. One important difference was that study participants needed to actively apply for the bonus each year, rather than receive the bonus automatically with their tax refund. This meant that program operators needed to follow up with the program group during tax time to offer free tax filing services, encourage them to apply for their bonuses, and resolve any documentation inconsistencies. For many participants, the time elapsed between program enrollment and tax filing to claim their first bonus could be a year or longer. Additionally, the Paycheck Plus bonus in Atlanta was not subject to an intercept for noncustodial parents with IV-D child support debt, meaning DCSS was not using any or all

[13]The Paycheck Plus baseline survey included an ethnicity question asked in the same way as asked on the United States Census about whether the study participant is "Hispanic or Latino." The United States Census defines Hispanic or Latino (masculine) or Latina (feminine) as any person of "Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin." In recent years, some research publications and other sources have started using "Latinx" as a gender-neutral reference to this population. See Andrew H. Nichols, *A Look at Latino Student Success: Identifying Top- and Bottom-Performing Institutions* (Washington, DC: The Education Trust, 2017). For simplicity, this report uses "Hispanic" for all those groups.

of the bonus to enforce a support order.[14] This differs from the federal EITC and the Paycheck Plus bonus in New York, which were subject to the intercept. Program designers of the Atlanta intervention wanted to enhance the attractiveness of the bonus to noncustodial parents in the child support program.

This report presents the effects of the Paycheck Plus program as implemented in Atlanta on economic, tax filing, and child support payment outcomes. The primary outcomes of interest are after-bonus earnings, work, and earnings. The bonus should directly increase the incomes of those who receive it, assuming it does not reduce earnings.[15] Since the program is conditioned on work, it may encourage those who are not working to find employment so they can qualify for the bonus.

For those already working, the expected effects on work behavior depends on whether they are in the "phase-in" region, where additional earnings mean higher bonus amounts; the "plateau" region, where individuals already work enough to qualify for the maximum bonus, and the "phase-out" region, where additional earnings mean lower bonus amounts, as shown in Figure ES.1. This bonus payment structure is designed to target benefits to the workers with the lowest incomes but also raises the possibility that some workers with earnings on the "phase-out" region might reduce their earnings to qualify for a larger bonus.

FINDINGS

- **About 45 percent of the program group members who were eligible for a bonus received one in the third year of the program—slightly lower than in the first two years (when just over 50 percent of eligible participants received them). Among those who received bonuses in Year 3, the average amount was $1,296. Lower tax filing rates among individuals with very low earnings who are not required to file taxes may account for the high proportion of individuals who were eligible for the Paycheck Plus bonus but did not receive it.**

Workers with low incomes, such as those targeted by the study, often have highly variable earnings and employment from year to year. Thus, it was expected that some portion of the sample would not be eligible for the bonus each year, with either no earnings in the relevant year or possibly earnings above the $30,000 eligibility cutoff. The bonus eligibility rate of 57 percent (based on 2018 earnings) was slightly lower in the third year of the program than in the first two, as some individuals moved out of work and others earned more than $30,000.

[14]An IV-D child support case is one in which the child support order is enforced by the Office of Child Support Enforcement. Privately maintained orders are not subject to the intercept.

[15]Workers may decide to work fewer hours (and consequently reduce their earnings) if they expect to receive additional income and can achieve the same income with less work. In economic theory, this behavior is known as the "income effect."

Among those eligible, 45 percent received a bonus in the third year of the program. Put in other terms, among the full program group, including those not eligible, 26 percent received a bonus in the third year. Part of the reason not all eligible participants received the bonus is that those with very low earnings had lower tax filing rates. Individuals who earned less than $12,000 were not legally required to file taxes, and some may have judged the bonus to not have been enough of an incentive for them to do so. This is especially true if many of these individuals were the harder-to-reach participants who may not have remembered the details of the Paycheck Plus bonus. Someone making $12,000 would be in the "phase-out" region for the federal EITC but would receive the maximum Paycheck Plus bonus of $2,000—nearly 20 percent of their earned income.

Additionally, for Paycheck Plus participants, tax filing can be burdensome. For example, more disadvantaged men, who made up about 40 percent of the study sample, may find filing taxes to be daunting or off-putting. For noncustodial parents in particular, tax refunds may be subject to intercepts for child support obligations. This disincentive applies to those within the IV-D child support system, but may even apply to those outside of it, if they do not want to be identified by the system or believe that any refund might be intercepted. Similarly, people with prior justice involvement can amass significant debt during their time in prison, ranging from fees related to their conviction to costs of supervision and services. This debt can affect credit scores and hinder their ability to obtain housing, for example, and drivers licenses. Although not all debt is subject to federal tax intercepts, it is easy to imagine that the formerly incarcerated may be concerned about this possibility and be reluctant to file.[16] They also face much steeper challenges to employment than those with no prior justice involvement; thus, many do not benefit from work-based tax credits.[17]

- **Operational challenges deeply affected the final year of the Paycheck Plus program.**

Paycheck Plus Atlanta's operating capacity shrank substantially in the final year of the program, a by-product of the general downsizing of United Way's VITA program (among larger organizational priority shifts). During the final year of Paycheck Plus, United Way's VITA program operated with far fewer locations than the first two years. Staff capacity was also reduced when a senior VITA staff person left United Way during the tax season. As a result, the remaining staff had to focus on coordinating VITA operations and reducing their capacity to additionally refer VITA tax filers who were Paycheck Plus participants to Paycheck Plus Engagement Specialists. After the tax season ended in mid-April, the Paycheck Plus program operated with only one Engagement Specialist, which reduced the amount of direct, personal outreach and interaction that were available to participants in previous years.

The United Way staff working on Paycheck Plus tried various strategies to continue engaging and supporting participants, despite their reductions in capacity. They extended the deadline for final bonus

[16]Juleyka Lantigua-Williams, "How Prison Debt Ensnares Offenders," *The Atlantic* (June 2, 2016).

[17]Luis Couloute and Daniel Kopf, *Out of Prison and Out of Work: Unemployment Among Formerly Incarcerated People* (Northampton, MA: Prison Policy Initiative, 2018).

applications, allowing participants to apply for both their 2017 and 2018 tax year bonuses through November of 2019; the latest deadline in prior years had been October. United Way also held more frequent one-day tax filing events outside of normal tax service operations than they had in previous years, in efforts to make applying to the bonus more streamlined with the tax filing process. Staff also implemented more regular outreach reminders using various communication modes—text messages, phone calls, emails, and letters—that communicated application deadlines and offered ways for participants to clarify how the application process worked.

Despite the additional engagement efforts employed in Year 3, the fact that many participants had outdated contact information meant reaching them proved challenging.

- **Reaching eligible participants to encourage them to apply for the bonus was a substantial challenge.**

As mentioned earlier, program group participants needed to actively apply for the Paycheck Plus bonus; receipt was not automatic with their tax filing, as the EITC was. Program staff in both New York and Atlanta faced challenges in finding and getting eligible study participants to file taxes and claim their bonuses. In Atlanta, this was particularly difficult in the third year—staff members said outdated contact information, participants not remembering the Paycheck Plus program, and participants misunderstanding the eligibility requirements for the bonus payments reduced the program's ability to engage eligible participants.

Additionally, the study participants in Atlanta were generally less connected to Atlanta's VITA program than in New York, so maintaining updated contact information for eligible workers proved difficult. Atlanta study participants were recruited from a diverse region of 13 metropolitan Atlanta counties, so many eligible workers faced transportation hurdles to apply for their bonuses in person. The prevalence of noncustodial parents in the Atlanta sample, for whom the bonus may not have been a big enough draw to offset any anticipated reported income intercept, may have also added to the engagement challenge. Although the Atlanta program did not implement an intercept for child support arrears, it is unclear whether that nuance was distinct enough for those with child support debt. They may have been harder to reach, or more complex tax filing considerations may have overshadowed this detail.

- **Paycheck Plus increased after-bonus earnings in the first year of the program but not in the second and third years. It neither increased nor reduced employment over those three years.**

The expected increase in after-bonus earnings will roughly equal any increase of the program group over the control group in earnings plus the average bonus received by the Paycheck Plus group. In Year 1, for example, about 37 percent of the Paycheck Plus group received a bonus and the average bonus received was $1,343 (not shown in Figure ES.1), for an average over the full Paycheck Plus group of $497 (or $1,343 multiplied by 0.37). The estimated effect on earnings in Year 1 was $367, although this difference is not statistically significant. This means that there is not strong evidence that the effect of

Paycheck Plus on earnings is different from zero. Thus, the estimated increase in after-bonus earnings of $775 is close to the sum of these two effects, as shown in Table ES.1, and is statistically significant at the 1 percent level. The effect in year two, of $505, is not statistically significant at the 10 percent level.

By Year 3, the increase in after-bonus earnings was small and statistically insignificant. In that year, additional bonus payments averaged $338 for the full Paycheck Plus group (or 26 percent of $1,300), and the estimated effect on earnings was a statistically insignificant reduction of $325. The estimated effect on after-bonus earnings in Year 3, as the sum of these two effects, is close to zero. When considered over the full period, the average increase in after-bonus earnings was $432, although not statistically significant.

About 80 percent of Paycheck Plus study participants were employed each year during the study and had earnings that averaged about $12,000 per year. Paycheck Plus had no overall effects on employment rates or on earnings for the three years during which program group members were eligible for the bonus. While the Paycheck Plus implementation in Atlanta did not appear to motivate individuals to find work as it did in New York, it also did not reduce work effort, which was a structural concern for the phase-out region of the EITC and bonus design.

- **Paycheck Plus led to a large and sustained increase in tax filing rates, and particularly in the use of VITA sites to file taxes.**

As mentioned earlier, individuals earning less than $12,000 in a tax year are not legally required to file their taxes. In the third year of the program, 44 percent of the control group filed their taxes. Paycheck Plus increased the filing rate by 9 percentage points, sustaining the impacts from the first two years of the program. Additionally, the program produced a nearly fivefold increase in filing taxes at a VITA site—in Year 3, only 4 percent of control group members filed their taxes at a VITA site, compared with more than 20 percent of program group members. The substantial increase in tax filing behavior is important. By filing taxes, workers with low incomes can accrue benefits that include immediate tax credits and deductions, which can mean receiving refunds for any surplus withholdings during the tax year. Additionally, formalizing self-employment work can increase their Social Security benefits in the longer term.

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

About 42 percent of study participants were noncustodial parents at the time of study enrollment, although only a fraction of these participants reported having formal child support orders through the state's child support system. Among study participants in the formal system, about 81 percent of the control group made at least one payment in Year 1, and the payment rate fell somewhat to 73 percent in Year 3. Paycheck Plus did not have statistically significant effects on child support payments in any of the three years.

Table ES.1

Effects on Employment and Earnings

Outcome	Program Group	Control Group	Difference (Effect)	Standard Error	P-Value
After-bonus earnings ($)					
Year 1	10,601	9,826	775	266	0.004
Year 2	12,243	11,738	505	332	0.128
Year 3	13,486	13,470	16	395	0.967
Total after-bonus earnings, Years 1-3	36,330	35,034	1,295	885	0.143
Any earnings (%)					
Year 1	80.0	79.9	0.1	1.1	0.923
Year 2	77.0	76.0	1.0	1.2	0.407
Year 3	76.1	74.9	1.1	1.2	0.355
Ever employed, Years 1-3	86.8	87.7	-0.9	1.0	0.324
Earnings ($)					
Year 1	10,281	9,914	367	293	0.211
Year 2	12,238	12,069	169	371	0.648
Year 3	13,536	13,862	-325	435	0.455
Total earnings, Years 1-3	36,054	35,845	209	980	0.831
Filed taxes (%)					
Year 1	60.1	48.0	12.1	1.4	0.000
Year 2	57.0	47.2	9.8	1.4	0.000
Year 3	53.2	44.2	9.0	1.5	0.000
Filed at a Volunteer Income Tax Assistance (VITA) site (%)					
Year 1	28.2	5.3	22.9	1.1	0.000
Year 2	24.4	4.8	19.6	1.1	0.000
Year 3	21.5	4.4	17.1	1.0	0.000
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. The p-value is the probability that the difference between the program and control groups arose by chance. The standard error is a measure of the variability in the outcome.

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, Year 2 refers to tax year 2017, and Year 3 refers to tax year 2018.

One program group member withdrew from the study during Year 3 and is excluded from the Year 3 estimates.

The Atlanta study did not measure effects on other secondary outcomes, including family formation, criminal justice involvement, and health status, due to low response rates on the Paycheck Plus survey.

CONCLUSION

This report presents findings from the Paycheck Plus program in Atlanta after bonus payments were offered for three years. The program increased after-bonus earnings in Year 1, but by Year 3 the effect had fallen to close to zero and was no longer statistically significant. While it did not positively affect employment or earnings among the full sample or child support payments among noncustodial parents, neither did it have unintended consequences of reducing work effort.

The program did continue to show large, sustained effects on tax filing during all three years of operation. Although tax filing is a secondary outcome of the program, it is important, since establishing formal connections to the tax system can increase access to benefits in both the short and long term. The COVID-19 pandemic has elevated the importance of this, as eligible tax filers who have recently experienced wage or job loss as a result may receive some much-needed relief when their tax refunds are issued. A recent survey conducted by the Pew Research Center showed that about 25 percent of adults reported that they or someone in their household lost a job because of COVID-19. Among lower-income households, job loss was even more prevalent, affecting a third of adults surveyed. Caught in a cycle of repeated business closings and reopenings, facing requirements to isolate following exposure, and unable to work from home, workers earning low wages have been especially hard hit, with few resources to fall back on.

While many Americans are experiencing more financial difficulties due to the pandemic, the strain has been particularly severe for Black and Hispanic adults. It has also disproportionately affected adults with lower incomes. They are much more likely to have trouble paying bills, to have problems with rent, and to visit a food bank than other adults. As the economy continues to recover and temporary pandemic-time protections (such as eviction moratoriums) are lifted, many workers will likely face unpaid bills, unstable housing arrangements, and medical and other costs, adding to the need to "make work pay" at the low end of the wage scale. A larger tax-time refund during a time when many workers with low wages are trying to make ends meet can provide some much-needed relief and help workers get back on their feet. For the Paycheck Plus participants who received their final bonus payments in 2019, the extra income they received may have helped to smooth some consumption when the pandemic hit in 2020 and job instability rose.

The effect of increased tax filing among the program group may have carried over to tax year 2020, since lower earnings due to the pandemic may lead to more tax filers who are eligible for the EITC and other credits. Additionally, cash relief distributed because of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as subsequent stimulus payments in 2021, may have reached 2018 tax filers sooner and more efficiently than nonfilers.

These findings are different from those in New York, where Paycheck Plus increased after-bonus earnings in all three years and also produced small increases in employment, especially for women and more

disadvantaged men. The differences may in part be attributed to operational and engagement challenges in Atlanta. United Way's relative newcomer status as a VITA administrator coupled with the special challenges of recruiting and engaging noncustodial parents and people with criminal justice involvement may have made program outreach very difficult. Noncustodial parents and people with criminal justice involvement, who typically have low earnings and are thus not required to file taxes, may have had particularly strong reasons to avoid doing so (such as income intercepts for child support obligations, or lower employment rates that dampen the appeal of work-based tax credits). Although Georgia's child support enforcement agency did not require an intercept of Paycheck Plus bonus dollars, any reported earnings could still have been subject to employer withholding. For these groups, filing taxes may have required significant behavioral changes and risked various forms of financial penalties.

As mentioned earlier, Paycheck Plus was designed and implemented outside of the formal tax system. What would it mean if an expansion of the federal EITC for workers without dependent children were integrated into the tax code? The Atlanta story demonstrates that, at least initially, the rollout might look different in different cities. A fully embedded expansion of the EITC in Atlanta, where tax filing rates among individuals not required to file taxes are very low, would increase take-up among eligible tax filers but would still leave a substantial proportion of eligible workers unaffected without further outreach or awareness campaigns, like the ones implemented after the big EITC expansion in the 1990s. It is likely that the low rates of connections to VITA in Atlanta would result in lower take-up among the workers without children than in New York. As with the EITC, though, filings and participation would likely increase over time, as people learned about it from others and saw its value.[18]

The findings from this report, taken in combination with the New York findings, highlight the importance of testing an idea in multiple locations. A final report from the Paycheck Plus demonstration synthesizes the findings from both cities combined to consider what might be expected from a national rollout of an expanded EITC for workers earning low wages, without dependent children.[19] Further analyses will also explore the potential for this policy to improve health outcomes for these workers.

[18]Nada Eissa and Jeffrey B. Liebman, "Labor Supply Response to the Earned Income Tax Credit," *Quarterly Journal of Economics* 111, 2 (1996) 605–637.

[19]Cynthia Miller, Lawrence F. Katz, and Adam Isen, "Increasing the Earned Income Tax Credit for Child Workers: A Synthesis of Findings from the Paycheck Plus Demonstration" (New York: MDRC, 2022).

INTRODUCTION

The Earned Income Tax Credit (EITC), first enacted in 1975, has become one of the federal government's largest antipoverty programs.[1] In 2018, the EITC is estimated to have lifted 5.6 million people out of poverty and 16.5 million out of severe poverty.[2] It provides a substantial credit to workers who are earning low wages and have children when they file their taxes, but those without children receive much less. For the 2020 tax year, for example, a single mother with two children could receive up to $5,920, while the maximum credit for a working parent with no qualifying children is $538.[3] A single worker with no children loses eligibility for the EITC after earning more than $15,820.[4]

For decades, wage inequality has worsened, with wages rising for higher earners while falling or remaining stagnant for workers with low earnings. Recently, the COVID-19 pandemic has further exposed the precariousness of low-wage work, especially among many essential workers in settings from grocery stores to hospitals.[5] A larger tax-time refund during a time when many workers earning low wages are in between jobs and trying to make ends meet can provide some much-needed relief.

The Paycheck Plus demonstration, evaluated by MDRC, tests an offer of a more generous earnings bonus to workers with low incomes and without dependent children.[6] It doubled the income threshold for bonus eligibility and quadrupled the maximum credit, compared with the federal EITC. Workers earning up to $30,000 per year can receive up to $2,000 at tax time. Paycheck Plus operated and was evaluated through randomized controlled trials in New York City and in Atlanta, Georgia. In both cities, individuals without dependent children who earned less than $30,000 in the previous tax year were recruited to participate in the study. Half of the participants were randomly selected to be eligible for the Paycheck Plus program for three years, and the other half served as a control group. In New York, study participants were recruited and enrolled in 2013 and 2014, and program group members were eligible for the more generous earnings bonus at tax time from 2015 through 2017 (which covers tax years 2014 through 2016). In Atlanta, study participants were recruited in 2015 and 2016, and program group members were eligible for the bonus from 2017 through 2019 (tax years 2016 through 2018).

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[1]Crandall-Hollick (2018).

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

[3]An adult has a "qualifying" child if the child is under 19 and claimed as a minor dependent on the adult's tax return. In this report, "dependent child" and "qualifying child" are interchangeable, as are "no children" and "no qualifying children."

[4]Internal Revenue Service (2021).

[5]Miller (2020).

[6]This report refers to the expanded credit as a bonus rather than a credit because it is not a component of the formal tax code.

The demonstration is designed to assess the effects of Paycheck Plus on income, employment, and earnings. One of the main accomplishments of the EITC for adults with children has been to reduce poverty. At the same time, it has increased employment rates and has not led to a reduction in earnings, which has been one concern with the credit.[7] The hope is that Paycheck Plus would do the same for single adults with no dependent children. The demonstration will also assess secondary effects from the program, such as on tax filing and child support payments, which may arise from increasing income. A report in 2018 detailed the effects of Paycheck Plus in New York after three years, as shown in Box 1. A report in 2020 presented early two-year findings from Atlanta.[8]

Box 1. Main Findings from Paycheck Plus in New York City

- Most eligible participants received a bonus each year of the study, although bonus receipt fell over the three-year period.
- Paycheck Plus increased after-bonus earnings (income after accounting for taxes and the bonus) and reduced severe poverty.
- The program modestly increased employment rates, particularly for women (compared with men) and the more disadvantaged men (compared with other men).
- Providing individuals with information about employment services may increase the employment effects of Paycheck Plus.
- Paycheck Plus led to an increase in tax filing rates and the use of Volunteer Income Tax Assistance sites for tax preparation.
- The program also led to an increase in child support payments among noncustodial parents.
- Paycheck Plus had few effects on other secondary outcomes, such as family formation, criminal justice involvement, and health status.

In New York City, Paycheck Plus increased after-bonus earnings, modestly increased employment rates, increased tax filing rates, and increased child support payments among noncustodial parents.[9] In the first two years of the program in Atlanta, Paycheck Plus had smaller effects than in New York. In Atlanta, the bonus take-up was lower than it was in New York, in part because of lower tax filing rates among the study sample and challenges in reaching program participants. The program produced increases in after-bonus earnings in the first year of the program, did not increase employment rates, and did not have statistically significant earnings or employment effects in the second year. It increased tax filing

[7]Marr et al. (2015).

[8]Miller et al. (2020).

[9]Miller et al. (2018).

rates—including large increases in the use of Volunteer Tax Income Assistance (VITA) sites for tax preparation. The program had no effects on child support payment.[10]

This final report for the test in Atlanta presents updated findings through three years following study enrollment. It presents findings on Paycheck Plus bonus take-up and effects on income, employment, earnings, and child support through Year 3. Effects on other outcomes, such as poverty, family formation, and mental and physical health, are not examined given the lack of available survey data.[11] The new results show that fewer program group members were eligible for the bonus in Year 3. In its final year, the program had no effect on after-bonus earnings or employment. It continued to have a large effect on the tax filing rate, especially among those who had earnings in the year before they enrolled in the study. As highlighted in the earlier Atlanta report, the study participants in Atlanta were dispersed through a larger geographical area than in New York, spread across multiple counties, which meant they had longer travel distances (and fewer public transportation options) for claiming their Paycheck Plus bonus payments in person, a program requirement. They were also less connected to the tax system and free tax preparation sites than in New York. United Way of Greater Atlanta, MDRC's partner in administering the program, was less well-known than its counterpart in New York (Food Bank for New York City) as a VITA provider. In the third year of the program, United Way reduced its VITA center operations amid some larger restructuring efforts, and this further limited access to free tax preparation sites for the study participants.

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 the effects of the program.

THE PAYCHECK PLUS DEMONSTRATION

The Bonus

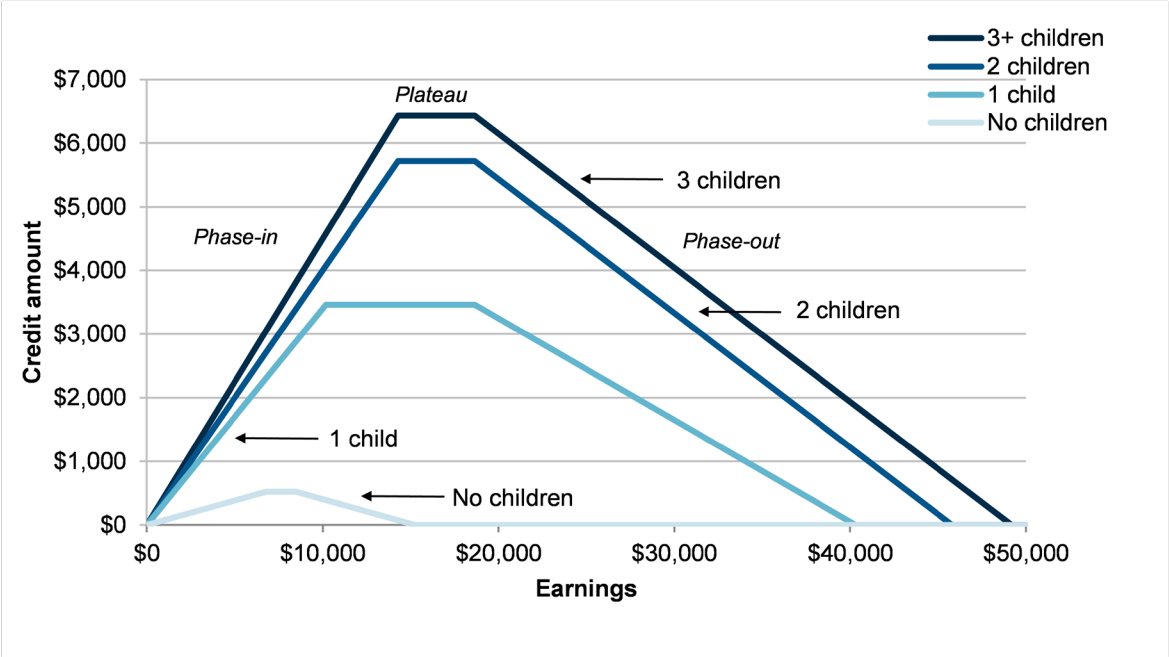
The Paycheck Plus demonstration tests the effects of a more generous EITC for adults without dependent children. Figure 1 presents 2018 federal EITC schedules for single adults, by number of dependent children. The EITC structure consists of a "phase-in" region where the credit increases as earnings

[10]Miller et al. (2020).

[11]Paycheck Plus Atlanta's survey response rate (35 percent) was too low to yield valid impact estimates.

Figure 1

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



SOURCE: Tax Policy Center (2018).

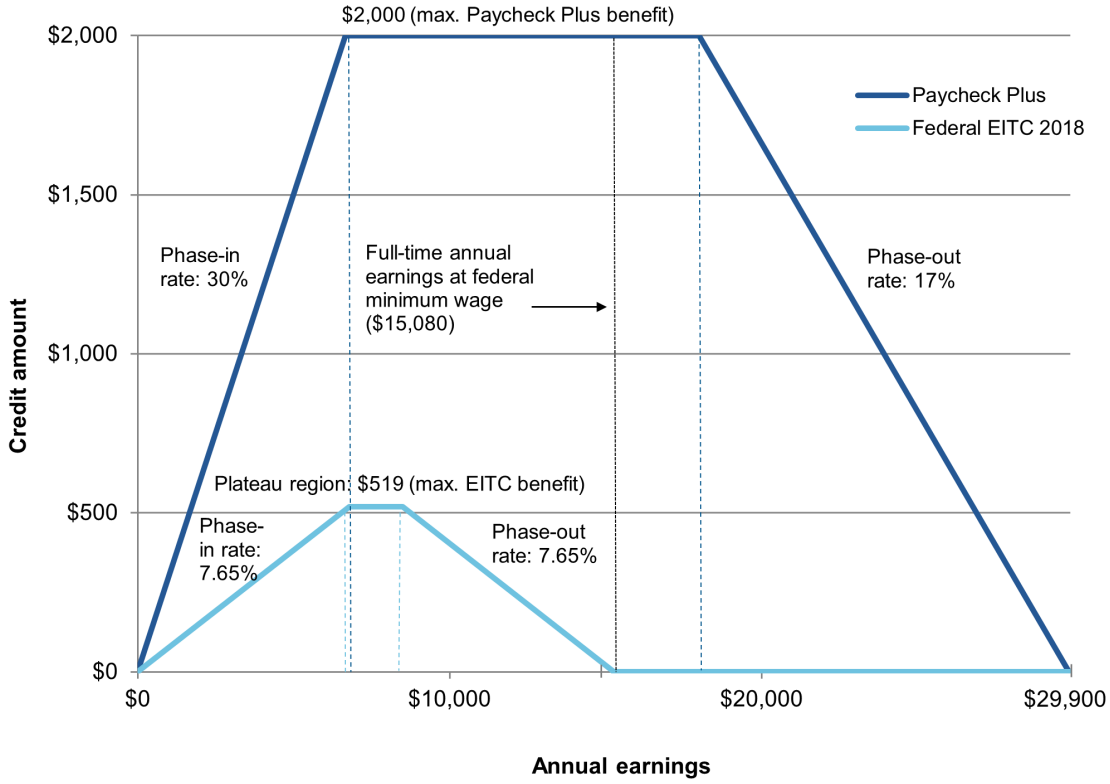
NOTE: Tax filers with a "married filing jointly" status can still claim a credit, but the schedule is not discussed in this brief and therefore is not shown here.

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 a single worker with three children, for example, the phase-in rate is 45 percent. (The credit is equal to 45 percent of earnings up to a maximum bonus of just under $6,500.) Once earnings reach a certain point, the credit phases out at a rate of 21 percent. (The credit is reduced by 21 cents for each dollar increase in earnings.) This individual can make up to about $50,000 in a year and still qualify for the credit. In contrast, the phase-in rate is just under 8 percent for single adults without children and the maximum credit is only around $500. Once they earn more than about $15,000 in a year, they no longer qualify for the EITC. This means that an individual without dependent children working full time, year-round at $9 per hour would earn too much to qualify for the EITC.

Paycheck Plus provides a maximum bonus of $2,000 to single adults with no children, about four times as large as the current maximum federal credit of just over $500. It is still substantially lower than the maximum benefit available to a single parent with one child. Paycheck Plus expands the reach of the plateau region, so more workers earning low wages qualify for the maximum benefit. As Figure 2 shows,

Figure 2

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



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

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

The dark 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 light blue for the federal EITC and in dark blue for Paycheck Plus.

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, which is twice the earned income eligibility cut-off for the federal credit. The bonus “tops up” the existing federal EITC for this group to bring their total credit 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 to mirror the process of applying for and receiving the federal EITC as much as possible. This was not entirely feasible, however, since the program operated outside of the federal tax system. For example, after study participants were enrolled into the study, program operators needed to follow up with individuals assigned to the program group during tax time to offer free tax filing

services, encourage them to apply for their bonuses, and resolve any documentation inconsistencies. Additionally, the federal EITC is subject to child support intercepts for noncustodial parents to pay down any IV-D child support debts.[12] The Paycheck Plus bonus for Atlanta participants was not intercepted as they were in New York. Program designers wanted to enhance the attractiveness of the bonus to noncustodial parents in the child support program.

STUDY INTAKE AND RECRUITMENT

Paycheck Plus in Atlanta is being tested using a randomized controlled trial. Just over 4,000 single adults without dependent children were recruited to take part in the study between October 2015 and April 2016. To be eligible for study enrollment, individuals needed a valid Social Security number, to be unmarried and working-aged (between the ages of 21 and 64), and to show earnings of less than $30,000 in the prior year.[13] They also could not be Supplemental Security Income or Social Security Disability Insurance applicants or recipients, and they could not plan to claim a dependent child on their tax returns in the subsequent year.

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. The Georgia Department of Human Services Division of Child Support Services (DCSS) was also an important partner during enrollment, inviting Paycheck Plus program staff to recruit eligible individuals from several fatherhood programs sponsored by DCSS.

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. The bonus was available to the program group for three years, payable at tax time in 2017, 2018, and 2019, based on earnings in tax years 2016, 2017, and 2018, respectively. 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. This recruitment timeline meant participants were given a full year to adjust their

[12]An IV-D child support case is one in which the child support order is enforced by the Office of Child Support Enforcement. Privately maintained orders are not subject to the intercept.

[13]Note that the federal credit is available only to individuals ages 25 and older.

work and earnings in response to the expected benefits of the program.[14] For a more detailed account of recruitment and enrollment, please refer to the Paycheck Plus Atlanta interim report.[15]

The demonstration also included a second randomized controlled trial embedded within the larger trial where half of the program group members were assigned at random to an "extra services group." This group of 1,000 participants was eligible to receive additional information about United Way employment programs such as job training and a follow-up call to offer referrals to those and other services. This test of an admittedly "light touch" 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.

DATA SOURCES

The demonstration relied on a variety of data sources to administer the program, calculate the bonus, and estimate program effects. A baseline survey allowed the program to collect basic demographic information and information on educational attainment, employment and earnings, household composition, and involvement with the criminal justice system from all study participants when they enrolled in the study.

To administer the Paycheck Plus bonus, MDRC developed a bonus application management system for program staff at United Way of Greater Atlanta to use. Staff uploaded key information from participants' tax returns, bonus payment preferences, and any updated contact information program participants provided for continued follow-up. MDRC used these data to calculate Paycheck Plus bonuses and administer the bonus payments. The information was also used to calculate participation information from program group members, including bonus receipt rates and amounts.

To track key outcomes over time, administrative records data were collected from federal and state agencies. Employment and earnings data were available from two sources: state unemployment insurance (UI) wage records collected from the Georgia Department of Labor and tax records from the Internal Revenue Service (IRS). Data from the IRS are more comprehensive than the state UI wage records because they include data from self-employment earnings (which are covered in 1099 forms and Schedule C filings) and out-of-state earnings, but they are only available annually. State UI wage data cover

[14]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 household earnings. If an individual gained dependent children through birth, adoption, or marriage, however, that person would not qualify for the Paycheck Plus bonus since the federal EITC for families with one or more children is more generous than Paycheck Plus. 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.

[15]Miller et al. (2020).

only Georgia-based employees and do not include 1099 earnings, but they are available for every quarter of the study period.

For child support payment information, administrative records were obtained from DCSS. Monthly child support payments data were available for all the noncustodial parents in the study sample who had any open child support order with DCSS.[16]

A survey was administered to participants in mid-2019 to collect additional information on study participants. However, the survey response rates were too low to produce reliable and generalizable estimates of effects for the study sample.[17] The data are used descriptively instead to better understand how program group members used their bonus payments and why some program group members chose not to apply for their Year 3 bonus payments.

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. 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, called covariates, in the regression can serve to improve the precision of the impact estimates. The covariates include the participants' age, sex, education level, race and ethnicity, prior earnings, prior incarceration, and whether the participant was a noncustodial parent at the time of study enrollment.

IMPORTANT OUTCOMES AND EXPECTED EFFECTS

The Atlanta study's prespecified outcomes of interest follow the approach of the New York analysis and include after-bonus earnings, work, and earnings. The bonus should have directly increased the incomes of those who receive it, assuming it did not reduce earnings as a result of the wage and income effects, described below. After-bonus earnings is measured as earnings minus owed taxes plus any bonus payment or tax credits received. (See Box 2 for brief definitions of this and other key terms used in this report.)

[16]DCSS also provided snapshots of child support arrears, but data on a large group of study participants were mistakenly excluded from the Year 3 arrears files, so information on child support debt from these snapshots are unreliable and not shown in this report. Since historical arrears data are not available, complete data from the appropriate program snapshots could not be recovered.

[17]The overall survey response rate was 35 percent; 38 percent of the program group responded, and 32 percent of the control group responded.

Box 2. Glossary

Earned Income Tax Credit (EITC): Federal tax credit that supplements the earnings of working families with low to moderate incomes by as much as $6,000 a year. The amount of the EITC a family can receive depends on earned income amounts and number of dependents claimed on its tax return. The maximum EITC amount for a single adult with no dependent children is just over $500.

Paycheck Plus bonus: A tax-time bonus that simulates an expanded EITC of up to $2,000 for single adults with no dependent children.

Volunteer Income Tax Assistance (VITA): The Internal Revenue Service's free basic tax return preparation program that serves qualifying low- to moderate-income families. Volunteers are trained on tax law, tax code updates, and tax preparation software and serve as tax preparers.

Internal Revenue Service (IRS) earnings and income data: This report's earnings and tax filing analysis used employer reports (W-2 and 1099 forms) and filed tax returns for tax years 2016, 2017, and 2018.

- **Any earnings:** Any wage earnings or self-employment income; a measure of annual employment.
- **Wage earnings:** Earnings listed on W-2 tax form.
- **Earnings:** Wage earnings (W-2) + self-employment (1099) income.
- **After-bonus earnings:** Earnings after accounting for taxes + the Paycheck Plus bonus.

Unemployment Insurance (UI) wage records data: Wage records obtained from the Georgia Department of Labor, which does not include self-employment (1099) earnings, federal employment, employment outside the state of Georgia, or informal work.

- **Employed:** Had any earnings amount from UI-covered jobs in the state of Georgia during a given time frame.
- **Average quarterly employment:** Percent of quarters with any UI-covered wage records; a measure of employment stability.
- **Earnings:** Wage amounts summed across all UI-covered jobs in the state of Georgia.

(continued)

Box 2. (continued)

Noncustodial parents: 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.

More disadvantaged men: Men who either were previously incarcerated or were noncustodial parents at the time of random assignment.

Those with earnings on the phase-in part of the schedule, shown in Figure 2, would have seen a 30 percent increase in after-bonus earnings, owing to the 30 percent phase-in rate of the bonus. Such increases in income should have reduced the poverty rate and may have produced other secondary effects, such as increasing the ability to meet child support obligations.

The predicted effect of Paycheck Plus on work decisions depends on the level of participants' earnings in relation to the bonus schedule and on how well they understood its structure. For someone who is not working, being assigned to the program group and offered the bonus should have created an unambiguous, positive incentive to work, since it increased the payoff for working. For people whose earnings place them on the bonus schedule, the effect of being offered the bonus depended 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 since the individual can achieve the same income after the bonus with less work. The bonus would never encourage someone to stop working entirely, however, 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 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, meaning individuals are more likely to choose to maintain or increase their work hours, rather than reducing them. 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 both the EITC and Paycheck Plus is that it might encourage higher-earning

individuals to cut back on work. However, there is little evidence to suggest that the EITC has discouraged or reduced work among earners in or beyond the phase-out region.[18]

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 on the economics of 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.[19] 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.[20] In Atlanta, no statistically significant employment effects were apparent through Year 2.[21]

The bonus also might affect tax filing behavior and participation in different types of employment. It might produce a shift from informal to formal work, as the payoff to reporting earnings to the tax authorities and filing taxes is increased. Formalizing work by filing taxes may also lead to the immediate benefits of tax credits and deductions, as well as longer-term benefits of increased Social Security income. Finally, through effects on income and work, the program might have effects on secondary outcomes, including increased child support payments among noncustodial parents, and improved health outcomes. The program increased child support payments in New York but not through Year 2 in Atlanta.[22] Paycheck Plus also had positive effects on physical and mental health in New York.[23]

CHARACTERISTICS OF THE SAMPLE

The Paycheck Plus study sample in Atlanta was predominantly Black and fairly diverse in terms of gender, age, educational attainment, and recent work history. About 86 percent of participants were Black, 61 percent were male, and 60 percent were older than age 35. Most participants had at least a high school diploma or equivalent (only 14 percent had no degree), and the vast majority (80 percent) earned less than $18,000 in the previous year. About 42 percent of participants reported that they were noncustodial parents at the time of study enrollment—meaning they had minor children living elsewhere. As discussed in the earlier Atlanta report, most of these noncustodial parents did not have a formal, open

[18]Eissa and Hoynes (2006).

[19]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 and ethnicity.

[20]Miller et al. (2018).

[21]Miller et al. (2020).

[22]Miller et al. (2018); Miller et al. (2020).

[23]Courtin et al. (2020) and Courtin et al. (2021)

child support order with DCSS.[24] More details on study participant characteristics are presented in Appendix Table A.1.

IMPLEMENTATION AND BONUS RECEIPT RATES

Implementation

To apply for a Paycheck Plus bonus each year, participants first filed tax returns, then submitted verified tax documents. Once their bonus payment eligibility was determined, payments would be disbursed to their preferred account or a prepaid card. MDRC partnered with United Way of Greater Atlanta, which manages the city's largest VITA program, to run the program.[25] It is worth noting that United Way was a relatively new VITA provider at the time the Paycheck Plus program began and was not well known within the community for offering free tax services. Under United Way's management, a group of VITA centers offered free tax preparation to individuals with incomes below around $57,000.[26] A subset of these centers was staffed by United Way's frontline Engagement Specialists and VITA tax preparers trained to help participants with Paycheck Plus bonus applications. Participants who used United Way's VITA tax services at those locations could apply for the bonus at the same time. Alternatively, participants who filed their taxes elsewhere could apply for the bonus by giving a copy of their completed tax forms to program engagement specialists. After participants applied for the bonus, MDRC would confirm their eligibility and calculate the bonus amount based on information from their federal tax returns.

MDRC worked directly with United Way and its payment vendor to issue participants their bonus payments. In Year 3, as in the first two years of the program, participants had the option of receiving their payment by direct deposit or on a debit card that could be picked up from select United Way VITA sites at prearranged times. In rare instances, the debit card was mailed to participants if they were unable to schedule an in-person pick-up (for example, if the individual moved out of state or was hospitalized, and so on). Over the course of the program, about a third of participants who received bonuses requested Paycheck Plus debit cards as their method of payment. Bonus payments typically took at least two months to process.

As described earlier in the report, the Paycheck Plus bonus application procedure included additional steps that would have been automatically folded into the tax filing process if the expanded EITC were already part of the tax code.[27] Since the process was not automatic, United Way and MDRC reminded participants to apply for the bonus each year. This annual outreach included several rounds of

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

[25]A more detailed description of the first two years of program implementation appears in Miller et al. (2020)

[26]Internal Revenue Service (2020).

[27]Miller et al. (2020).

postcards, letters, emails, text messages, automated "robocalls," and individual phone calls to participants. Reminders were sent beginning in autumn and then intensively from January through April. During Year 3, engagement specialists focused on more personalized outreach and identifying people who had not yet applied and may still be interested in receiving the final bonus. After the mid-April tax deadline, additional reminders were sent to engage late tax filers and to follow up with participants whose bonus applications were incomplete. Participants could also call a telephone hotline or refer to a website with updated payment information if they needed help with their application or to check on the status of their bonus payments.

Bonus Processing

Just as in previous years, the process of determining bonus eligibility and payment amounts mirrored the IRS process for determining and issuing the EITC as much as possible. Staff members at United Way and MDRC used information from the tax documents to determine whether each applicant was eligible for a bonus and the amount that applicant would receive, and to obtain proof that the IRS had accepted the participant's tax returns.[28]

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 to a debit card. Unexpectedly, during Year 3, United Way's payment vendor announced it would stop offering its payment processing services at the end of June 2019. This meant United Way had to build its in-house capacity to directly process and issue bonus payments for the remainder of the year, adding an extra burden at the very end of a three-year program.

Just as in the first two years of the program, this payment process was repeated monthly during the tax season and for several months afterward for late filers and applicants. Most bonus payments were made about two months after application. (As a point of comparison, the IRS usually issues tax refunds within 21 days of filing.) Bonus payments were issued beginning in April (for participants who applied by the end of February) and continued through the fall (for those who applied later, or whose applications required additional documentation). In the final year of the program, bonus payments stretched into early 2020 as United Way and MDRC resolved a few remaining outstanding payment issues.

[28]In New York, an extra step in the process was to work with the New York City Office of Child Support Enforcement to identify any noncustodial parents who owed child support arrears. Some or all of the bonus amount would then be intercepted to pay down that debt. The intercept was not implemented in Atlanta.

Challenges in Year 3

Operational Challenges

As described in the interim report, Paycheck Plus faced several operational challenges in reaching and engaging eligible participants to remind them about the program and apply for the bonus.[29] During the final year of Paycheck Plus, the 2019 tax season, United Way's VITA program operated with fewer locations than during the first two years.[30] To help address this reduction in geographical access, United Way extended limited tax preparation services for Paycheck Plus participants into the summer of 2019 and continued to accept bonus applications through mid-November. (In earlier years, bonus applications were not processed after October.) United Way also coordinated more frequent one-day tax filing events than they had in the prior year, where multiple engagement specialists and VITA tax preparers experienced with Paycheck Plus were available to prepare taxes and complete bonus applications for a larger number of participants than they could serve during normal tax service operations.

Another byproduct of the general downsizing of United Way's VITA program was a reduction in staff capacity during the final year of program implementation. A key senior VITA staff person left United Way during the 2019 tax season. As a result, the remaining staff had to focus on coordinating the program's operations, reducing their capacity to support Paycheck Plus.

For example, United Way VITA staff had difficulty identifying program group members who may have filed at VITA sites that were not staffed by Paycheck Plus Engagement Specialists. In previous years, VITA staff had given Engagement Specialists broader access to VITA tax return data so that they could extract tax records for Paycheck Plus participants from any United Way VITA site to determine bonus eligibility. If Engagement Specialists found eligible participants' tax records from the VITA system, they would follow up with those participants to collect information on payment preferences. In the final year, amid organizational restructuring and staff turnover, VITA staff limited the Engagement Specialists' tax records access only to the Paycheck Plus VITA sites. This meant that, in 2019, if eligible participants filed their taxes at a different, more convenient VITA site and did not remember to apply for the Paycheck Plus bonus, they would not receive it.

Furthermore, Paycheck Plus Engagement Specialist staffing was reduced in the fall of 2019 to conserve project resources, reducing post-tax season communications to less personal outreach and engagement activities, such as robocalls and mass text reminders.

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[29]Miller et al. (2020).

[30]During the third year of the program, the number of United Way Paycheck Plus VITA sites was reduced from 12 to 8, and most of the remaining sites operated on a reduced schedule with a smaller staff. The decision to make these changes did not reflect the needs or requirements of the Paycheck Plus program; rather, the changes were part of a broader effort by United Way to restructure its tax program, in a shift of organizational priorities.

Changes in the federal tax code also complicated program operations in the third year of the program. First, the VITA tax preparation software deployment had a delayed rollout due to changes in the Tax Cuts and Jobs Act of 2017. The federal tax Form 1040 and supporting schedules for tax year 2018 were revised, and some of the information that Engagement Specialists had previously used to gauge participant eligibility either moved to a different schedule, or no longer appeared in the standard reports produced by the VITA sites' tax software. These changes required the Engagement Specialists to reacclimate themselves to the new forms and software systems and may have made it more difficult for them to assess whether it would be worthwhile for participants to apply for the bonus. As a result, some participants who could have benefitted from applying for the bonus may not have been urged to do so.

Engagement Challenges

Participant engagement remained the greatest challenge of the Paycheck Plus study in the final year of program operations. After struggling to make and maintain contact with participants during the first two years of the project, United Way and MDRC continued investing in a variety of strategies to find and reengage participants who had stopped responding to outreach.

To address engagement challenges in Year 3, the team identified new external sources of updated contact information to replace disconnected phone numbers and out-of-date mailing addresses. As in prior years, letters were mailed to participants in January 2019 prompting them to file their taxes with United Way and apply for the final bonus. This was followed by multiple email, text, and robocall reminders sent by the project team over the course of the final program year. From January through November 2019, Paycheck Plus participation reminders included behaviorally informed text messages. Eligible participants who had not yet applied for the bonus received an average of two to three messages a month. Messages included topics from requesting updated contact information, keeping participants informed about bonus application options, and ways to contact United Way about the bonus.[31] Previous research has shown the power of behavioral techniques such as implementation prompts, multiple reminders, and highly publicized deadlines can help people follow through on a task or action they choose to complete.[32] Box 3 describes how Paycheck Plus used behaviorally informed texting strategies to engage participants in the bonus application process.

[31]"Behaviorally informed" refers to efforts that are based in behavioral economics, defined by Russell Sage as "the application of psychological theory and research to economics […] topics on psychological foundations such as decision-making under risk and uncertainty, intertemporal choice, biases in judgment, mental accounting, and social preferences." These efforts aimed to encourage Paycheck Plus participants to apply for the bonus by making the process simple and transparent.

[32]See Dechausay, Anzelone, and Reardon (2015) for the findings from an embedded study as part of this effort to test the effects of various behaviorally informed techniques to encourage attendance. Cortes et al. (2018) suggest that too many communications to participants may also reduce the effectiveness of the message.

Box 3. The Use of Behaviorally Informed Text Messages for Engaging Paycheck Plus Participants

Text messaging programs are popular low-cost interventions, many of which have shown positive effects. Texting programs can often reach many people, particularly those who may have limited access to other types of support, due to the widespread use of cell phones.*

The behavioral messaging used in the Paycheck Plus text messages sought to make the task of applying for the Paycheck Plus bonus easier and more immediate by providing weekly reminders to apply, contact information if participants had questions or concerns, a link to the Paycheck Plus website for more information, and prominent deadlines. Text messages included behavioral techniques such as personalization, implementation prompts, loss aversion, deadlines, and social influence.† While nudging text messages or cell phone messages with reminders or suggestions as ways to influence behavior and inform decision making are effective in many instances, other research shows that contextual factors matter, such as the sender's identity, customization, and two-way texting capability.‡

The Paycheck Plus text messages were customized by including each participant's first name, but the texting platform did not support one-on-one texting conversations with recipients. This meant that United Way or MDRC staff needed to follow up on any responses using a different phone number or mode of communication. The figure below shows an example of a customized Paycheck Plus text message that used behavioral techniques to nudge participants to apply for their bonuses.

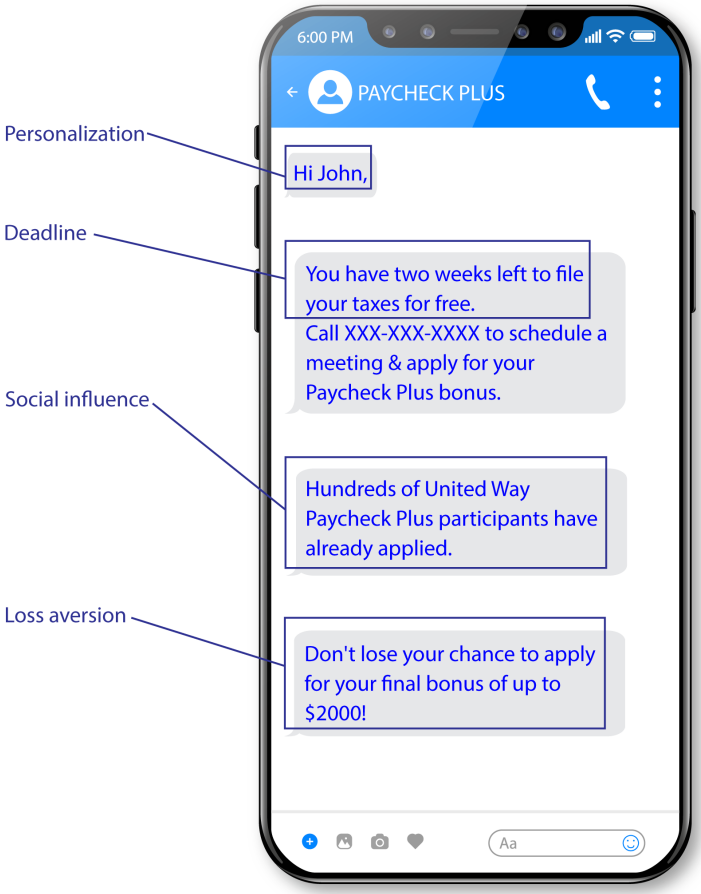
Although some participants responded to the texts with questions requesting clarification and, as a result of follow-up, had better information about the bonus application process, it is unclear whether these "nudges" increased bonus application rates. Some example texts from participants included the following:

> "I only made $1,700 last year. Do I still get a credit from paycheck [plus]?"
>
> "I [claimed] my son. Is it still possible [to get the bonus]?"
>
> "When and where can I file?"
>
> "I have completed my tax returns for 2018. What location do I go to…file and request my paycheck bonus?"
>
> "I filed and [would] like an address where I can apply for the bonus for someone who moved to Florida? Can I do it the way I did last year and claim the bonus?"

(continued)

Box 3. (continued)

"I filed and [would] like an address where I can apply for the bonus for someone who moved to Florida? Can I do it the way I did last year and claim the bonus?"



NOTES

*Fricke, Kalogrides, and Loeb (2018).

†Personalization is a technique used to make communication less generic, such as adding the recipient's name at the beginning of a text; implementation prompts assist people in making a plan to fulfill a goal, such as providing the name and location of the nearest VITA site and their hours; loss aversion is a technique to emphasize avoiding losses over acquiring gains, such as not losing the chance to apply for the bonus; deadlines frame the future action as important and urgent; and social influence is used to help people perceive themselves in relation to others, such as saying that hundreds of other Paycheck Plus participants have already applied for the bonus. See Dechausay, Anzelone, and Reardon (2015) and Developing SIMPLER Solutions (2015).

‡See Thaler and Sunstein (2008) and Barshay (2011) for more information about nudges.

Additionally, robocalls went out about every other week during this same timeframe to remind participants that eligibility for the bonus was reevaluated each year, provide Paycheck Plus VITA site location information, and invite participants to complete their taxes and bonus applications.

In Year 3, United Way continued its toll-free hotline for participants to call with questions about how to apply for their Paycheck Plus bonus payments. MDRC fielded similar questions using a dedicated Paycheck Plus Atlanta e-mail account and managed a Paycheck Plus website where participants could learn more about the application and check on their bonus payment status. To boost engagement in the final year of the program, United Way's Engagement Specialists made a targeted effort to pre-screen participants over the phone and assess their eligibility in advance of them coming to file taxes and apply for the bonus. They sought to engage individuals who would likely qualify for a bonus payment but may have needed an additional nudge to take the next step of coming in to file taxes or apply for the bonus. Additionally, the project team hoped to identify participants who were not eligible for the bonus so future outreach efforts could be tailored appropriately. The project team continued to use the Paycheck Plus participant tracking system developed in Year 2, focusing on documenting more detailed data on outreach attempts, pre-screening results, and incremental engagement outcomes.

According to United Way's estimates from their participant tracking records, frontline Engagement Specialists contacted and assessed 43 percent of the nearly 2,000 program group members for bonus eligibility during 2019. Of those successfully contacted and assessed, 65 percent applied for a bonus—nearly all of these applicants applied only for the bonus for tax year 2018; 8 percent of them also applied for the bonus for tax year 2017.[33] Just over a quarter of those assessed were ineligible for the tax year 2018 bonus, about 5 percent were not interested in applying, and about 4 percent were found to be potentially eligible but did not apply.

Survey data collection for the Paycheck Plus Wellness study began in the summer of 2019, concurrent with these program engagement activities.[34] Though this follow-up provided the Paycheck Plus project team with another possible source of updated contact information, there may have been tradeoffs. Not surprisingly, the simultaneous outreach campaigns regarding the current Paycheck Plus program and this separate data collection effort confused some participants and may have discouraged them from

[33]Participants were allowed to apply for the previous years' bonus in Years 2 and 3.

[34]The Paycheck Plus Wellness study is being conducted by Columbia University with support from Westat, in partnership with MDRC (Courtin et al., 2021). The goal of this complementary research project is to study the health impacts of expanding the EITC in the Atlanta study sample. The effort included fielding a survey with questions about health and healthcare access and collecting saliva samples to assess a measure of biological age, which is an indicator of psychological stress. The survey was fielded to all 4,000 Paycheck Plus study participants. Outreach to confirm contact information and inform program and control group members of the data collection activities began in fall 2018 and continued into winter 2019. Study participants were contacted to participate in the survey beginning fall 2019. Survey responses were collected spring 2020, and saliva samples were collected beginning fall 2020.

making appointments to file taxes and apply for the bonus. Still, the survey efforts may have reminded some program group members about the program.

Despite thoughtful engagement efforts across multiple modes, outdated contact information made it a challenge to contact many participants. Engagement Specialists reported numerous instances of disconnected and incorrect phone numbers, outdated addresses, and email bounce-backs. Staff may have never successfully connected with some participants who were eligible for the bonus. The survey firm also reported similar challenges, reflected in the low survey response rate.

Bonus Receipt Rates

Individuals with low incomes, such as those targeted by the study, often have highly variable earnings and employment from year to year. Thus, it was expected that some portion of the sample would not be eligible for the bonus each year, with either no earnings in the relevant year or earnings above the $30,000 eligibility cutoff. Table 1 presents the take-up rates of the bonus for tax years 2016, 2017, and 2018 for the full program group and for those who were eligible based on earnings.

Table 1

Paycheck Plus Bonus Receipt

Outcome	Year 1	Year 2	Year 3
Eligibility and filing (%)			
Eligible for a bonus	67.6	61.4	56.7
Filed taxes, among those eligible for bonuses	68.6	67.0	61.3
Eligible for a bonus and filed taxes	46.3	41.1	34.7
Bonus receipt (%)			
Full sample	36.5	31.9	26.4
Among those eligible for bonuses	52.8	50.7	45.2
Among eligible tax filers	76.0	74.8	73.4
Amount received, among recipients ($)			
Average bonus received	1,343	1,343	1,296
Average Earned Income Tax Credit (EITC) received	164	137	155
Sum of bonus and EITC	1,507	1,480	1,451
Amount received (%)			
$1 - $500	13.4	13.7	15.2
$501 - $1,000	16.0	14.6	16.1
$1,001 - 1,500	21.3	22.6	22.6
$1,501 - $1,999	32.6	33.2	34.3
$2,000	16.6	15.9	11.8
Sample size (total = 1,996)			

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

NOTES: Sample sizes may vary because of missing values.
Bonus receipt includes bonus payments through March 2020.
One program group member withdrew from the study during Year 3 and is excluded from the Year 3 estimates.

The top panel presents data on individuals eligible for the bonus, based on their earnings (obtained from tax filing, W-2 forms, and 1099 forms), whether they filed taxes, and whether they claimed dependent children. The bonus eligibility and tax filing rates were slightly lower in Year 3 of the program than they were in Years 1 and 2. About 57 percent of the program group met the earnings requirement to receive the bonus in 2019 (based on earnings during tax year 2018), and, among those with eligible earnings, 61 percent filed their 2018 taxes. The final row of the top panel shows that 35 percent of the full program group had eligible earnings and filed their 2018 taxes. Recall that individuals with earnings below $12,000 are not legally required to file taxes.

The next panel presents the rate of take-up of the bonus for three groups. Consistent with the eligibility rates in the first panel, the bonus receipt rates among the program group were lower in Year 3 than in previous years. In Year 3, 26 percent of the full program group received a Paycheck Plus bonus. Among those with earnings in the eligible range, the rate was 45 percent. The final row of the panel presents take-up for the group that had earnings in the eligible range and filed taxes. Among this group, 73 percent received a bonus. Since program members who applied for a bonus were first screened for eligibility, the failure to receive a bonus among eligible tax filers suggests a failure to apply for the bonus.

The bonus amounts received also decreased in Year 3. Among those who received a bonus, the average amount received was about $1,296 in Year 3. Some participants received more in total credits because of the combination of Paycheck Plus and EITC. Among those who received a Paycheck Plus bonus, the average EITC amount received was $155 in Year 3, and the average amount of bonus plus EITC was about $1,451—nearly 10 times higher than the federally issued EITC.

Fewer participants were eligible in Year 3, as shown in the top panel, but fewer eligible participants also applied for the bonus. Take-up rates among eligible tax filers fell from a high of 76 percent in Year 1 to 73 percent in Year 3.

The fall in bonus eligibility over the three-year program reflects in part an increase in the number of participants with zero earnings but also an increase in the number who earned more than $30,000. (See Figure 3.) For example, the share of the program group with no earnings in the prior year increased from 18 percent in 2017 to 22 percent in 2019, and the share with earnings over $30,000 increased from almost 4 percent in Year 1 to 10 percent in Year 3. The share who claimed dependents remained about the same at 10 percent.[35]

The less than full take-up among eligible individuals is also related to the amount of bonus they stood to receive. As seen in Figure 4, individuals whose earnings place them on the phase-in part of the schedule (where the bonus amount is lower) have the lowest take-up rates, while those on the plateau and on

[35]Equivalent data for the control group are shown in Appendix Figure A.1.

Figure 3

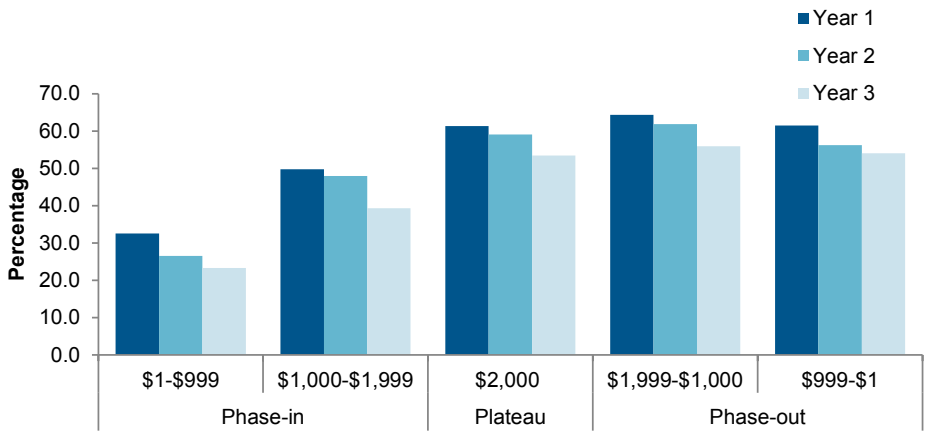
Distribution of Program Group Members, by Earnings and Eligibility Status

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

NOTES: "Phase-in" refers to earnings of $1-$6,667. "Plateau" refers to earnings of $6,668-$18,000. "Phase-out "refers to earnings of $18,001-$29,900.
Year 1 refers to tax year 2016, Year 2 refers to tax year 2017, and Year 3 refers to tax year 2018.

Figure 4

Bonus Receipt Rates Among Eligible Individuals, by Expected Bonus Amount



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

NOTE: Year 1 refers to the filing for tax year 2016, Year 2 refers to the filing for tax year 2017, and Year 3 refers to the filing for tax year 2018.

the initial part of the phase-out schedule (where the bonus amount is at or close to the maximum payout amount) have the highest take-up rates. This is similar to the take-up rates of the federal EITC.[36] Part of the lower take-up for the former group (those earning less than $6,667) is accounted for by lower tax filing rates among people who were not legally required to file taxes due to low earnings.

Additionally, for Paycheck Plus participants, tax filing can be burdensome. For example, more disadvantaged men, who make up about 40 percent of the study sample, may find filing taxes to be daunting or off-putting. For noncustodial parents, tax refunds may be subject to intercepts for child support obligations. This disincentive applies to those within the IV-D child support system, but may even apply to those outside of it, if they do not want to be identified by the system or believe that any refund might be intercepted. Similarly, individuals with prior incarceration experiences can amass significant debt during their time in prison, ranging from fees related to their conviction to costs of supervision and services. This debt can affect credit scores and hinder their ability their ability to obtain housing, for example, and drivers licenses. Although not all debt is subject to federal tax intercepts, it is easy to imagine that people who had been incarcerated may be concerned about this possibility and be reluctant to file.[37] They also face much steeper challenges to employment than those with no criminal justice involvement; thus, many do not benefit from work-based tax credits.[38]

Failure to file taxes does not fully explain low take-up rates, however, since not all eligible filers received a bonus. The top panel of Table 2 provides some additional context on reasons survey respondents who filed their taxes did not apply for the bonus. The table shows that over half of program group respondents reported that they were not eligible for the bonus. About a third of participants reported that they were not aware they could apply. Only 10 percent of respondents reported being not interested or another reason, including that it was too much effort, too time consuming, or too inconvenient. Some missed the application deadline.

As described earlier, many Atlanta participants were not previously connected to the tax system and VITA program, so they may not have fully trusted the free tax services United Way offered. The offer of a relatively large sum of "free" money in the form of a bonus payment may also have prompted distrust or skepticism toward the Paycheck Plus program. Recall that after enrolling in the study, participants were not contacted about applying for the bonus for another year, to allow time for program group members to respond the Paycheck Plus work incentive. However, some participants may not have remembered a year later that they had enrolled or were assigned to the program group.

[36]Jones (2014).

[37]Lantigua-Williams (2016).

[38]Couloute and Kopf (2018).

Table 2

Paycheck Plus Bonus Application, Receipt, and Use, Among Program Group Survey Respondents

Outcome (%)	Mean
Reasons for not applying for bonus, among tax filer respondents who did not apply[a]	
Not eligible	60.5
Not aware they could apply	29.4
No earnings	0.8
Not interested	4.2
Other	5.9
Sample size	119
Applied for tax year 2018 bonus	55.0
Received tax year 2018 bonus	52.5
Sample size	622
Use of bonus, among participants who received 2018 Paycheck Plus bonus[b]	
To help pay for regular expenses, like rent and utilities	93.0
To help pay off bills	70.4
For a major purchase	15.2
For savings	18.1
For health expenses	21.5
For a few "luxuries," like eating out or going to the movies	35.3
For child expenses, among participants who reported having children	35.5
To help other family members or friends with their expenses	31.9
Other	6.3
Sample size	287

SOURCE: Paycheck Plus Atlanta survey data.

NOTES: Sample sizes may vary because of missing values.
[a]Percentages represent reasons for not applying among respondents who did not apply. Categories are mutually exclusive.
[b]Percentages represent how the bonus was used among survey respondents who received it. Categories are not mutually exclusive.

One participant told an engagement specialist that:

> *Paycheck Plus seemed too good to be true. I ignored the calls, texts, and all attempts during Year One of the project. Once I responded, I was able to apply for both the 2017 and 2018 Paycheck Plus bonuses.*

United Way also had no direct means of alerting tax filers who had outdated contact information that they were eligible for the bonus but failed to claim it. The inability of the program to connect with some participants by phone, e-mail, or postal mail may explain why a portion of eligible individuals did not apply for the bonus.

Related issues that may have affected Paycheck Plus take-up—as with the existing EITC and other benefit programs—were a lack of clear messaging (that is, too little information, or overly complex

information) about benefit eligibility and the application process, as well as the amount of effort required to complete the application.[39] Recall that, since the Paycheck Plus bonus occurs outside of the tax system, bonus receipt is not a seamless process with tax filing, as the EITC is, so the extra step of applying and providing verification of tax return acceptance may have affected take-up.

Transportation may have been another hurdle for participants. The study team recruited Paycheck Plus participants from a large region of 13 metropolitan counties in Atlanta. The team anticipated transportation difficulties when it came time to apply for the bonus during tax season, especially if a participant lived and worked far from any of the United Way VITA sites or moved away before it was time to apply for the first Paycheck Plus bonus. Some participants texted that they did not know how to get to the VITA site. One participant said it was too difficult to take the necessary time off from work to travel to one of the United Way VITA sites, writing:

> *Please stop sending me reminders. I am not able to get time from work to go to any of the locations, and I'm waiting for my tax return to come back.*

Another hurdle in applying for the bonus may have been additional documentation that some program group participants needed to provide if they filed their own taxes or used other preparers, which was proof that the IRS had accepted their tax returns in order to minimize bonus payment errors. Often, Paycheck Plus program staff members were able to assist participants in collecting this information, but occasionally the IRS acceptance was delayed, which also delayed the completion of the bonus application.

Use of Bonus

The rest of Table 2 presents data on use of the bonus among program group members, based on survey data. In the final year of the program, just over 50 percent of program group respondents reported having applied for the bonus, and nearly all these individuals received the bonus for tax year 2018. Nearly all respondents who received a bonus used some of it to pay for rent, utilities, and other periodic household expenses, and 70 percent used some of the money to pay off their bills. As three program group participants expressed to United Way staff:

> *The funds helped with survival costs, being that my life has always been a bit of a struggle. I was always short on one thing or another. If I had food in the fridge, then I was most likely short on MARTA fare.[40] If I had enough to pay bills, there was not enough to save. Receiving two PaycheckPLUS bonuses helped make up for my financial deficit.*

[39]Bhargava and Manoli (2015).

[40]Metropolitan Atlantic Rapid Transit Authority, the Atlanta area's public transportation system.

The money enabled me to rent my own apartment, buy food without struggling and pay for moving costs and supplies. The money changed my life. My coworker wanted me out of her place and the money came right on time. I even had money left over to save.

The program saved me from being evicted from my home. A lot of times, one thinks because you may not have dependents you don't have any extra bills.

A third of all recipients reported that the bonus went to family and friends and a few "luxuries" like eating out or going to a movie. About a third of bonus recipients who had children reported putting the funds toward their children. The least commonly reported uses for the bonus were for savings or major purchases, although a substantial proportion (18 percent) said their bonuses went toward savings. Respondents who reported "other" uses mentioned starting businesses, donating to charities, paying down student loan or tax debt, and spending on education-related activities.

EFFECTS ON INCOME, WORK, EARNINGS, AND TAX FILING

The outcomes that should be most directly affected by Paycheck Plus are after-bonus earnings, work, and earnings. As explained earlier, the bonus should increase income among those who receive it, and due to the wage effect, it may increase employment rates and earnings by increasing the payoff to work. The bonus may also have the unintended effect of reducing earnings among higher earners, because of the income effect.

This section of the report extends the program's effects on work, earnings, income, and other tax filing outcomes through Year 3, the final year of Paycheck Plus in Atlanta. The effects of Paycheck Plus are estimated by comparing the outcomes of the program group, who were offered the opportunity to apply for a more generous tax credit, with the control group, who—if eligible for the federal EITC—would just receive that if they filed their taxes. Administrative tax records from the IRS are the primary data source used to measure employment, earnings, and income (or after-bonus earnings) effects, although effects on employment and earnings are also estimated using data from Georgia's unemployment insurance wage records.

Employment, Earnings, and Income

Table 3 presents effects on employment, earnings, and after-bonus earnings for each of the three years in which Paycheck Plus was operating in Atlanta, according to administrative tax records from the IRS, which includes earnings from tax filings, W-2 forms, and 1099 forms. Thus, even if a person did not file taxes, any earnings from wage and salary work or self-employment are obtained from employer-filed W-2 and 1099 forms. Individuals with no tax filing or other forms are assumed to have zero earnings in a given year. Year 1, Year 2, and Year 3 correspond with tax years 2016, 2017, and 2018, respectively.

Table 3

Effects on Employment and Earnings

Outcome	Program Group	Control Group	Difference (Effect)	Standard Error	P-Value
Any earnings (%)					
Year 1	80.0	79.9	0.1	1.1	0.923
Year 2	77.0	76.0	1.0	1.2	0.407
Year 3	76.1	74.9	1.1	1.2	0.355
3-year average	77.7	76.9	0.7	1.0	0.438
Years 1-3	86.8	87.7	-0.9	1.0	0.324
Earnings ($)					
Year 1	10,281	9,914	367	293	0.211
Year 2	12,238	12,069	169	371	0.648
Year 3	13,536	13,862	-325	435	0.455
3-year average	12,018	11,948	70	326	0.830
3-year total	36,054	35,845	209	980	0.831
Wage earnings ($)					
Year 1	9,664	9,296	368	284	0.194
Year 2	11,538	11,382	156	361	0.666
Year 3	12,758	13,057	-299	426	0.482
3-year average	11,320	11,245	75	318	0.814
3-year total	33,958	33,736	222	955	0.816
After-bonus earnings ($)					
Year 1	10,601	9,826	775	266	0.004
Year 2	12,243	11,738	505	332	0.128
Year 3	13,486	13,470	16	395	0.967
3-year average	12,110	11,678	432	294	0.142
3-year total	36,330	35,034	1,295	885	0.143
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. The p-value is the probability that the difference between the program and control groups arose by chance. The standard error is a measure of the variability in the outcome.

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, Year 2 refers to tax year 2017, and Year 3 refers to tax year 2018.

One program group member withdrew from the study during Year 3 and is excluded from the Year 3 estimates.

The table includes standard errors for the impact estimates, which measure the precision of the estimates and reflect variability in the outcomes of interest. It also includes p-values, which represent the probability that the differences between the program and control groups arose by chance. In general, impact estimates with p-values of less than 0.10 (indicating only a 10 percent probability that the difference arose by chance) are viewed as strong evidence of true program impact and are often marked with

asterisks. However, the evaluation field has moved away from using asterisks to denote statistical significance, given that they encourage readers to interpret differences as either a true impact or not. Instead, a difference with a p-value of 0.09, for example, should be interpreted as providing somewhat stronger evidence of a program effect than a difference with a p-value of 0.12. In the discussion below, findings are generally highlighted if their p-value is less than 0.10, but the continuous nature of the p-value should be kept in mind when interpreting the results.

The top three panels of the table present data on employment rates (or whether an individual had any earnings in a given year), all earnings (which include W-2 and self-employment earnings), and wage earnings (W-2 earnings only). Employment rates fell slightly over time, from 80 percent in Year 1 to about 75 percent in Year 3. Average earnings rose over time, from about $10,000 in Year 1 to almost $14,000 in Year 3. (These earnings numbers reflect $0 earnings for those not employed.) Paycheck Plus had no statistically significant effects on employment rates or on earnings for any of the three years program group members were eligible for the bonus.

The bottom panel of the table presents program effects on one measure of income, defined as total earnings in any given tax year plus any tax credits received from filing for that tax year (including the Paycheck Plus bonus) and minus any taxes paid. The expected increase in after-bonus earnings will roughly equal any increase in earnings plus the average bonus received by the Paycheck Plus group. In Year 1, for example, about 37 percent of the Paycheck Plus group received a bonus, which averaged $1,343, for an average over the full Paycheck Plus of $497 (or $1,343 multiplied by 0.37).[41] The estimated effect on earnings in Year 1 was $367, although this difference is not statistically significant. This means that there is not strong evidence that the effect is different from zero. Thus, the estimated increase in after-bonus earnings of $775 is close to the sum of these two effects.

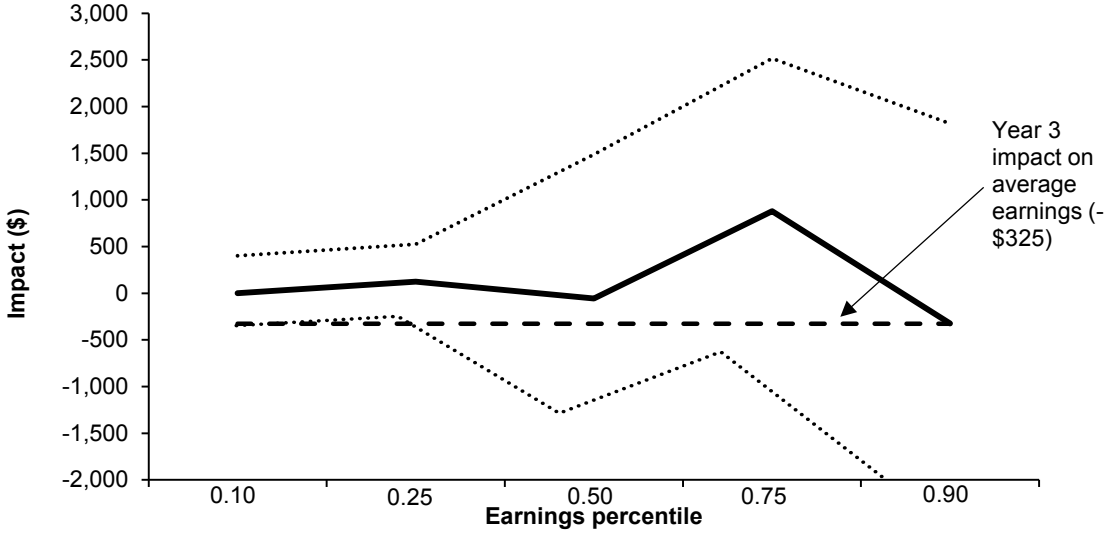
By Year 3, the increase in after-bonus earnings was small and statistically insignificant. In that year, additional bonus payments averaged $342 for the full Paycheck Plus group (or 26 percent of about $1,300), and the estimated effect on earnings was a statistically insignificant reduction of $325. The estimated effect on after-bonus earnings in Year 3, as the sum of these two effects, is close to zero. When considered over the full period, the average increase in after-bonus earnings was $432, although not statistically significant at the 0.10 level (with a p-value of 0.14).

[41]Note that, although the Paycheck Plus bonus is included in the "after-bonus earnings" measures for the corresponding tax year, the program group members actually received the bonuses in the following year. For example, for tax year 2016, the Paycheck Plus bonus is included in the Year 1 after-bonus earnings measure, but the study participant actually received the bonus payment in 2017, after they filed their 2017 taxes and applied for the bonus payment. In Atlanta, eligible program group members in Years 2 and 3 who had not applied for their bonus payments in the previous rounds were allowed to do so, so some participants may have received their bonus payments two years later than when they earned them.

Another consideration is an examination of how the program affected earnings at various percentiles of the earnings distribution.[42] Quantile regression moves beyond the assumption that the program affects earnings the same way (or the average effect) at all levels of earnings and estimates effects at various points in the earnings distribution. Figure 5 presents estimates from a quantile regression of effects on earnings, from the tax records, over the three-year period.

Figure 5

Quantile Effects on Earnings, Year 3



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

NOTES: The thick solid line presents the impact of Paycheck Plus on earnings at each point in the distribution. The dotted lines show the confidence interval around that estimate. The dashed line reflects an impact of -$325.

An estimate is not statistically significant at the 10 percent level if the confidence interval includes the value of 0.

Year 3 refers to tax year 2018.

The average effect on earnings, of -$325, from Table 3, is presented for comparison. Effects are presented for the 10th, 25th, 50th, 75th, and 90th percentiles. The thick solid line represents estimated effect at that percentile, and the dotted lines represent 90 percent confidence intervals around those estimates. The confidence interval illustrates the uncertainty, or margin of error, around an estimate. If that interval includes the value 0, then the estimate is not statistically different from zero. The figure shows that the effects on earnings at different points in the earning distribution do mask some variation around the average effect. Estimated effects are consistently zero in the bottom half of the distribution, increase somewhat through the 75th percentile and decrease thereafter. For example, the level of earnings for the

[42]Bitler, Gelbach, and Hoynes (2006).

Paycheck Plus group at the 75th percentile was $879 higher than the level of earnings for the control group at the 75th percentile. However, none of the effects in the upper half of the distribution are statistically significant, as illustrated by the wide confidence intervals. Figure A.2 shows a similar pattern for after-bonus earnings.

Table 4 shows that effects on employment and earnings according to Georgia unemployment insurance wage records are generally consistent with the estimated effects according to tax records from the IRS. Since UI wage data are available quarterly, the data are presented as averages relative to the point of random assignment to estimate effects on employment stability throughout the follow-up period. As expected, the yearly employment rates and average earnings amounts for the control group are slightly lower than the estimates using IRS tax records, since UI wage records do not capture self-employment, out-of-state employment, or federal employment. In Year 1, about 71 percent of the control group were employed in UI-covered jobs; in Year 3, the yearly employment rate had fallen to about 62 percent.

Another way to assess employment from UI wage records is to examine employment stability, or how frequently someone is employed, over a particular follow-up period. Average quarterly employment, shown in the second panel of Table 4, is the percentage of quarters an individual is employed over a period of time. Control group members were employed for about half the time (or in 6 of 12 quarters), on average, over three years. The third panel on Table 4 shows that average UI-covered earnings increased from $9,100 to $10,888 from Years 1 through 3. The Paycheck Plus program did not produce statistically significant effects on UI-covered employment or earnings in any of the three years.

As mentioned earlier, the demonstration included an embedded randomized control trial, in which half of the participants assigned to the Paycheck Plus group were randomly selected to be eligible to receive additional information about United Way employment programs, such as job training and a follow-up call to offer referrals to those and other services. The effects of offering these “light touch” services are shown in Table 5. Column 1 presents the effects of the combined package, or the difference in outcomes between the Paycheck Plus group that was offered the referrals and the control group. Column 2 presents the effects of the Paycheck Plus bonus alone. Column 3 compares the two Paycheck Plus groups, showing any “added” effects created by adding the referral to the bonus. The results show no differences in effects for those who were eligible for the additional services compared with those who were not eligible. In fact, the added effects of the referral tend to be oddly negative, although, except for Year 1 earnings and income effects, the differences are statistically insignificant.

Table 4

Effects on Employment and Earnings Covered by Unemployment Insurance

Outcome	Program Group	Control Group	Difference (Effect)	Standard Error	P-Value
Ever employed (%)					
Year 1	72.1	71.4	0.7	1.2	0.580
Year 2	65.7	65.5	0.2	1.3	0.888
Year 3	62.8	61.9	0.9	1.4	0.500
Years 1-3	79.4	79.4	0.0	1.1	0.984
Average quarterly employment (%)					
Year 1	56.8	56.3	0.5	1.1	0.646
Year 2	53.1	53.5	-0.4	1.2	0.758
Year 3	51.1	51.2	-0.1	1.3	0.930
Years 1-3	53.7	53.7	0.0	1.0	0.997
Total earnings ($)					
Year 1	9,324	9,100	224	268	0.403
Year 2	10,087	10,109	-22	338	0.949
Year 3	10,617	10,888	-272	393	0.490
Years 1-3	30,028	30,097	-69	871	0.936
Sample size (total = 3,971)	1,995	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.

A two-tailed t-test was applied to differences between the outcomes of the program and control groups. The p-value is the probability that the difference between the program and control groups arose by chance. The standard error is a measure of the variability in the outcome.

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

Year 1 roughly covers 2016, Year 2 roughly covers 2017, and Year 3 roughly covers 2018.

One program group member withdrew from the study during Year 3 and is excluded from the estimates on this table.

Table 5

Effects of Employment Referral Services

Outcome	(1) Impact of Bonus Plus Referral Versus Control	Standard Error	P-Value	(2) Impact of Bonus Alone Versus Control	Standard Error	P-Value	(3) Added Impact of Referral (1) - (2)	Standard Error	P-Value
Any earnings (%)									
Year 1	1.3	1.9	0.503	1.3	1.9	0.515	0.0	2.2	0.979
Year 2	1.1	2.1	0.588	1.3	2.1	0.535	-0.2	2.4	0.997
Year 3	2.6	2.1	0.214	-0.3	2.1	0.871	3.0	2.5	0.266
Average earnings ($)									
Year 1	255	413	0.537	1,056	424	0.013	-802	493	0.090
Year 2	-127	524	0.809	627	543	0.249	-754	623	0.230
Year 3	-129	623	0.836	-72	623	0.908	-57	723	0.963
After-bonus earnings ($)									
Year 1	478	382	0.211	1,378	397	0.001	-900	459	0.044
Year 2	109	480	0.820	841	495	0.089	-732	569	0.210
Year 3	84	574	0.883	168	574	0.769	-84	666	0.934
Filed taxes (%)									
Year 1	11.3	2.3	0.000	13.6	2.3	0.000	-2.3	2.6	0.430
Year 2	7.3	2.3	0.001	10.2	2.3	0.000	-2.9	2.6	0.268
Year 3	8.0	2.3	0.000	8.7	2.3	0.000	-0.7	2.7	0.854
Sample size	1,858			1,834					

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

NOTES: Employment referral services are estimated for program group members who earned less than $10,000 in the year before they entered the study.

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. The p-value is the probability that the difference between the program and control groups arose by chance. The standard error is a measure of the variability in the outcome.

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, Year 2 refers to tax year 2017, and Year 3 refers to tax year 2018.

Tax Filing Outcomes

Although income, work, and earnings are the primary outcomes for Paycheck Plus, the program can also affect secondary outcomes, such as tax filing behavior, which would be affected directly by the operation of the program. A single worker earning less than the standard deduction in a given tax year ($12,000 in 2018) is not required to file an income tax return. As illustrated earlier in Figure 3, a sizable share of the sample (20 to 25 percent) earned less than $7,000 annually during the three-year study period, suggesting that many study participants were not required to file for taxes during the three-year period. However, individuals needed to file their taxes to receive either the federal EITC or the Paycheck Plus bonus. The more generous Paycheck Plus bonus could prompt individuals to file for taxes, when they otherwise would not have, either because they were unaware of the federal EITC, or because the usual credit amount was too low to make filing a worthwhile effort.

Table 6 presents impacts on tax filing outcomes from IRS tax records. The large increases Paycheck Plus produced in tax filing, and particularly filing taxes at a VITA site, in the first two years of the program, persisted into the third year as well. Especially impressive is the nearly fivefold increase in filing taxes at a VITA site—in Year 3, only 4 percent of control group members filed their taxes at a VITA site, compared with more than 20 percent of program group members. And while the tax filing rates decreased slightly for both the program and control groups from year to year, Paycheck Plus sustained a 9 percentage point increase in tax filing rates in Year 3. As a result of the tax filing increase, a larger proportion of program group members than control group members also received the EITC in each of the three years. The 4 percentage point increase in EITC receipt in Year 3 translates to a 19 percent increase over the control group.

The substantial increase in tax filing behavior is important. As mentioned earlier, by filing taxes, workers with low incomes can accrue benefits that include immediate tax credits and deductions, which can mean receiving refunds for any surplus withholdings during the tax year. Additionally, formalizing self-employment work can increase their Social Security benefits in the longer term.

EFFECTS FOR SUBGROUPS

Tables 7 through 9 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. The New York evaluation also examined these subgroups, based on prior evidence of work effects. For example, past research tends to find larger work responses to wages for

Table 6

Effects on Tax Filing Outcomes

Outcome (%)	Program Group	Control Group	Difference (Effect)	Standard Error	P-Value
Filed taxes					
Year 1	60.1	48.0	12.1	1.4	0.000
Year 2	57.0	47.2	9.8	1.4	0.000
Year 3	53.2	44.2	9.0	1.5	0.000
Filed at a Volunteer Income Tax Assistance (VITA) site					
Year 1	28.2	5.3	22.9	1.1	0.000
Year 2	24.4	4.8	19.6	1.1	0.000
Year 3	21.5	4.4	17.1	1.0	0.000
Received the Earned Income Tax Credit (EITC)					
Year 1	33.6	27.2	6.4	1.4	0.000
Year 2	27.5	24.8	2.6	1.4	0.052
Year 3	26.0	21.9	4.1	1.3	0.002
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. The p-value is the probability that the difference between the program and control groups arose by chance. The standard error is a measure of the variability in the outcome.

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), Year 2 refers to early 2018 (filing for tax year 2017), and Year 3 refers to early 2019 (filing for tax year 2018).

One program group member withdrew from the study during Year 3 and is excluded from the Year 3 estimates.

women than for men.[43] Similarly, considerable policymaking interest is directed toward more disadvantaged men, who face several barriers to employment. Men who have prior involvement with the criminal justice system, for example, face an uphill battle in finding jobs because of the stigma of having prior records and also having generally low levels of education and limited work experience.[44] 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.

As discussed in the earlier report (and shown in the tables), the program did not produce differential effects on employment or earnings for any specific subgroup, with the exception of a pattern of larger earnings effects for less disadvantaged men. By Year 3, however, the differences in effects between the two subgroups had substantially decreased and were no longer statistically significant. Additionally, in

[43]Pencavel (1986); McClelland and Mok (2012).

[44]Treskon (2016).

Table 7

Effects for More Disadvantaged Men Compared with Other Men

	More Disadvantaged Men					Other Men					
Outcome	Program Group	Control Group	Difference (Effect)	Standard Error	P-Value	Program Group	Control Group	Difference (Effect)	Standard Error	P-Value	P-Value, Subgroup Difference
After-bonus earnings ($)											
Year 1	9,808	8,838	634	422	0.133	11,790	10,166	1,656	695	0.017	0.208
Year 2	11,204	10,637	180	532	0.734	13,804	11,838	2,070	848	0.015	0.058
Year 3	12,585	12,551	-371	633	0.558	14,417	13,911	491	994	0.621	0.463
Any earnings (%)											
Year 1	78.4	78.2	-0.3	1.8	0.856	82.5	80.6	1.9	2.6	0.478	0.492
Year 2	73.3	72.1	0.7	2.0	0.722	80.3	77.6	2.6	2.8	0.359	0.592
Year 3	73.3	72.1	0.8	2.0	0.698	78.0	75.9	1.8	3.0	0.547	0.780
Average earnings ($)											
Year 1	9,640	8,997	255	459	0.578	11,742	10,511	1,268	772	0.101	0.258
Year 2	11,391	11,021	-76	589	0.897	14,124	12,364	1,875	964	0.052	0.083
Year 3	12,838	13,036	-659	694	0.342	14,676	14,472	196	1,099	0.859	0.509
Filed taxes (%)											
Year 1	49.7	34.1	15.1	2.3	0.000	63.5	52.2	11.0	3.5	0.002	0.329
Year 2	44.2	36.7	7.4	2.3	0.002	59.0	50.2	8.9	3.7	0.016	0.719
Year 3	41.7	33.1	8.6	2.3	0.000	53.8	50.5	3.0	3.7	0.425	0.200
Sample size	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. The p-value is the probability that the difference between the program and control groups arose by chance. The standard error is a measure of the variability in the outcome.

P-Value, Subgroup Difference column: The p-value in this column represents the probability that the difference in the impacts across the subgroups arose by chance.

"More disadvantaged men" are men 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, Year 2 refers to tax year 2017, and Year 3 refers to tax year 2018.

Table 8

Effects for Women Compared with Men

Outcome	Women					Men					P-Value, Subgroup Difference
	Program Group	Control Group	Difference (Effect)	Standard Error	P-Value	Program Group	Control Group	Difference (Effect)	Standard Error	P-Value	
After-bonus earnings ($)											
Year 1	11,872	11,347	443	424	0.297	10,159	8,860	1,004	344	0.003	0.303
Year 2	13,749	13,533	239	526	0.650	11,651	10,598	719	431	0.095	0.479
Year 3	15,036	15,175	15	635	0.981	12,809	12,403	79	509	0.877	0.938
Any earnings (%)											
Year 1	82.0	82.9	0.5	1.6	0.747	78.4	78.1	-0.2	1.5	0.906	0.749
Year 2	80.5	82.6	-0.9	1.8	0.632	74.4	71.9	2.0	1.6	0.212	0.233
Year 3	79.4	80.9	0.0	1.9	0.991	73.6	71.3	1.8	1.6	0.281	0.483
Average earnings ($)											
Year 1	11,358	11,258	-32	470	0.946	10,025	9,053	643	376	0.088	0.262
Year 2	13,528	13,737	-244	590	0.680	11,864	11,003	481	480	0.316	0.340
Year 3	14,905	15,430	-418	705	0.553	13,054	12,878	-192	559	0.731	0.802
Filed taxes (%)											
Year 1	71.8	64.0	8.6	2.2	0.000	52.9	38.1	14.2	1.9	0.000	0.049
Year 2	71.7	59.9	12.9	2.2	0.000	47.8	39.2	8.0	1.9	0.000	0.095
Year 3	66.2	56.3	11.0	2.3	0.000	44.8	36.6	7.8	1.9	0.000	0.291
Sample size	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. The p-value is the probability that the difference between the program and control groups arose by chance. The standard error is a measure of the variability in the outcome.

P-Value, Subgroup Difference column: The p-value in this column represents the probability that the difference in the impacts across the subgroups arose by chance.

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, Year 2 refers to tax year 2017, and Year 3 refers to tax year 2018.

Table 9

Effects by Earnings in the Year Prior to Study Entry

Outcome	No Earnings: Program Group	No Earnings: Control Group	No Earnings: Diff. (Effect)	No Earnings: SE	No Earnings: P-Value	$1-$10,000: Program Group	$1-$10,000: Control Group	$1-$10,000: Diff. (Effect)	$1-$10,000: SE	$1-$10,000: P-Value	> $10,000: Program Group	> $10,000: Control Group	> $10,000: Diff. (Effect)	> $10,000: SE	> $10,000: P-Value	P-Value, SubgrpDiff
After-bonus earnings ($)																
Year 1	6,147	4,421	1,003	549	0.068	8,782	8,080	813	377	0.031	16,060	14,787	741	469	0.114	0.933
Year 2	7,366	6,065	602	668	0.368	10,219	9,964	310	487	0.525	18,209	16,864	907	574	0.114	0.734
Year 3	8,156	7,318	9	753	0.991	11,402	11,467	13	584	0.982	19,707	19,115	229	687	0.739	0.963
Any earnings (%)																
Year 1	54.8	53.3	-1.0	3.0	0.735	84.2	83.6	1.8	1.7	0.292	91.1	91.7	-1.7	1.3	0.190	0.273
Year 2	51.7	50.7	-1.6	3.1	0.611	79.3	78.3	1.7	2.0	0.381	90.2	88.5	1.1	1.5	0.464	0.659
Year 3	55.6	50.7	2.8	3.1	0.374	76.1	77.6	-0.6	2.0	0.757	88.8	86.6	1.7	1.6	0.289	0.554
Average earnings ($)																
Year 1	6,070	4,296	992	601	0.099	8,232	7,949	391	396	0.323	15,927	15,221	117	530	0.826	0.536
Year 2	7,446	6,106	580	734	0.430	9,902	9,980	-38	528	0.943	18,608	17,681	423	657	0.519	0.757
Year 3	8,249	7,384	-45	814	0.956	11,194	11,588	-336	634	0.596	20,125	19,974	-260	771	0.736	0.960
Filed taxes (%)																
Year 1	37.9	27.0	8.3	2.9	0.005	59.1	45.6	14.5	2.4	0.000	76.3	62.7	11.8	2.2	0.000	0.264
Year 2	34.6	29.5	2.7	3.0	0.361	56.5	45.8	11.7	2.4	0.000	72.6	58.9	12.5	2.3	0.000	0.020
Year 3	31.6	30.1	-0.4	3.0	0.894	52.1	40.2	13.4	2.4	0.000	68.5	56.4	11.0	2.4	0.000	0.001
Sample size	462	448				798	768				734	759				

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

NOTES: SE = standard error.
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. The p-value is the probability that the difference between the program and control groups arose by chance. The standard error is a measure of the variability in the outcome.
P-Value, Subgrp Diff column: The p-value in this column represents the probability that the difference in the impacts across the subgroups arose by chance.
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, Year 2 refers to tax year 2017, and Year 3 refers to tax year 2018.

Year 3, the 9 percentage point increase in tax filing among more disadvantaged men persisted from previous years, and it did not for less disadvantaged men. While the differential effect on tax filing across these groups was not statistically significant, the persistence of the tax filing effect in the absence of other program effects is notable. In Year 3, Paycheck Plus also increased tax filing rates more for women than for men, and more for study participants who had earnings in the prior year than for those with no earnings.

EFFECTS ON CHILD SUPPORT PAYMENTS

If Paycheck Plus had produced effects on the primary outcomes of income, work, and earnings, it might also have affected child support outcomes as well. More available income could have spurred an increase in direct child support payments, even in the absence of an intercept. Increased earnings and employment might also lead to increased payment via wage withholding. Paycheck Plus did not impact employment and earnings, although it increased after-bonus earnings early in the follow-up period.

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 end of 2018.[45] Estimated payments include payments made through all sources, such as through direct payments, wage withholding, and tax intercepts. Table 10 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.[46]

Paycheck Plus did not have statistically significant effects on child support payments in any of the three years. About 81 percent of the control group made at least one payment in Year 1, and the payment rate fell somewhat to 73 percent in Year 3, possibly reflecting case closure over time. Average yearly payment amounts increased from about $1,800 in Year 1 to just over $2,000 in Year 3. On average, noncustodial parents made payments for 6 out of 12 months each year, suggesting that while most of the noncustodial parents in the Paycheck Plus sample had made payments, missed payments and the incidence of arrears are also high. In the earlier report, more than 90 percent of them had a non-zero arrears balance. The findings are somewhat expected. Although the program did increase after-bonus earnings in Year 1, suggesting the possibility of an effect on payments in Year 1, effects on after-bonus earnings faded after Year 1, and there were no effects in any year on employment or earnings.

[45]As mentioned earlier, the Year 3 arrears snapshot data DCSS provided to MDRC are incomplete and thus unreliable. Since historical data on arrears are not available, information on child support debt during the last year of the study could not be retrieved or rectified.

[46]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 and are therefore not included in the child support analysis.

Table 10

Effects on Child Support Payments, 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)	Standard Error	P-Value
Ever made a payment (%)					
Year 1	84.9	80.6	4.3	3.2	0.187
Year 2	79.1	74.0	5.0	3.7	0.175
Year 3	73.2	72.8	0.4	3.9	0.924
Number of months with payments					
Year 1	5.5	5.8	-0.3	0.3	0.442
Year 2	5.6	5.8	-0.3	0.4	0.490
Year 3	5.0	5.8	-0.8	0.4	0.051
Total payments ($)					
Year 1	1,725	1,818	-93	158	0.558
Year 2	1,965	2,034	-69	194	0.722
Year 3	2,003	2,057	-53	236	0.821
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.
A two-tailed t-test was applied to differences between the outcomes of the program and control groups. The p-value is the probability that the difference between the program and control groups arose by chance. The standard error is a measure of the variability in the outcome.
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 COVID-19 pandemic has further exposed the precariousness of low-wage work, especially among many essential workers in settings from grocery stores to hospitals. When job instability is especially high, extra income based on recent work history can provide a means of "consumption smoothing" while individuals are struggling to find or keep work. In a recent survey conducted by the Pew Research Center, about 25 percent of adults reported that they or someone in their household lost a job because of COVID-19. Among lower-income households, job loss was even more prevalent, affecting a third of adults surveyed. While many Americans are experiencing more financial difficulties due to the pandemic, the strain is particularly severe for Black and Hispanic adults, as well as lower-income adults. They were much more likely to have trouble paying bills, to have problems with rent, and to visit a food bank than other adults.[47] A larger tax-time refund during a time when many workers earning low wages are in between jobs and trying to make ends meet can provide some much-needed relief.

[47]Parker, Minkin, and Bennett (2020).

Although the EITC lifts millions of people out of poverty each year, it primarily benefits workers with dependent children. Single adults without dependent children are eligible for a fraction of the amount that families with resident children can claim. As a result, the EITC helps very few single, childless adults leave poverty or experience secondary benefits from it, including health and educational outcomes.[48] In recent years, four states—California, Maine, Maryland, and Minnesota—and the District of Columbia have expanded their state EITC for workers without qualifying children to reduce some of the inequity between workers with and without children. Each state does this a bit differently, with changes to phase-in/phase-out percentages, income eligibility thresholds, and maximum credit allowances.[49] Paycheck Plus tests a more substantial bonus payment in Atlanta and New York City.

This report presents findings from the program in Atlanta after bonus payments were offered for three years. The program increased after-bonus earnings in Year 1, but the effect was no longer statistically significant when the program ended in Year 3. The program also had no detectable effects in work or earnings for each of the three years. It also did not affect child support payments among noncustodial parents. The program continued to show large, sustained effects on tax filing, as well as filing tax returns at a VITA center during all three years of the program. Although the tax filing outcomes are secondary outcomes of the program, they are important, since establishing formal connections to the tax system can increase access to benefits in both the short and long term. The COVID-19 pandemic has elevated the importance of this, as eligible tax filers who have recently experienced wage or job loss as a result may receive some much-needed relief when their tax refunds are issued. The benefits may also carry over to tax year 2020, since lower earnings due to the pandemic may lead to more tax filers who are eligible for the EITC and other credits. Additionally, cash relief distributed because of the Coronavirus Aid, Relief, and Economic Security (CARES) Act may have reached tax filers sooner and more efficiently than non-filers.

Although the program did increase after-bonus earnings in Year 1, the effects had fallen to zero by Year 3, given reduced bonus receipt over time and a negative, although statistically insignificant, estimated difference in earnings. These findings are different from those in New York, where Paycheck Plus increased after-bonus earnings in all three years and also produced small increases in employment, especially for women and more disadvantaged men. The differences may in part be attributed to operational and engagement challenges in Atlanta. In particular, for noncustodial parents and people with prior involvement with the criminal justice system—two groups who typically have low earnings and thus are often not required to file taxes and may have reasons to avoid doing so—filing their taxes may have required large behavioral changes. These two groups make up a larger fraction of the study sample in Atlanta than in New York.

Program staff in both cities faced challenges in getting eligible study participants to file taxes and claim their bonuses. In Atlanta, this was particularly difficult in the third year—program staff members reported

[48]Crandall-Hollick and Hughes (2018).

[49]Williams (2019).

many instances of outdated contact information, participants not remembering the Paycheck Plus program, and participants misunderstanding the eligibility requirements for the bonus payments. As a result, the effects in the third year of the Atlanta program might be especially dampened.

Additionally, the study participants in Atlanta were generally less connected to Atlanta's VITA program than in New York, so maintaining updated contact information for eligible workers proved difficult. There may be other regional or demographic differences between the study participants in the two cities, including economic context and racial and ethnic composition. The prevalence of noncustodial parents with formal child support orders may explain why a generous bonus may have worked differently in each city.

As mentioned earlier, Paycheck Plus was designed and implemented outside of the formal tax system. What would it mean if an expansion of the federal EITC for workers without dependent children were integrated into the tax code? If the credit were already embedded into the tax filing process, claiming that credit would be seamless, and any tax refunds would automatically include the higher credit amount. Tax filers would not need to do an additional application or provide proof of earnings and filing status, since those would already be documented in their tax returns.

In Atlanta, about two-thirds of program group participants were eligible for the bonus, meaning that in tax year 2016, they had non-zero earned income below $30,000 and had no child dependents. Only a third of the program group received a bonus. The estimates in Table 1 show that, among the eligible participants who did not receive the bonus, half did not file taxes, and the other half filed taxes but did not apply for the bonus. A fully embedded expansion of the EITC in Atlanta, where tax filing rates among individuals not required to file taxes are very low, would increase take-up among eligible tax filers but would still leave a substantial proportion of eligible workers unaffected without further outreach or awareness campaigns. It is likely that the low rates of connections to VITA in Atlanta would result in lower take-up among eligible adults with no children than in New York. As with the EITC, though, filings and participation would likely increase over time, as people learned about it and saw its value.[50]

The findings from this report, taken in combination with the New York findings, highlight the importance of testing an idea in multiple locations. A final report from the Paycheck Plus demonstration synthesizes the findings from both cities combined to consider what might be expected from a national rollout of an expanded EITC for workers earning low wages but without dependent children.[51] Some follow-up analyses will also explore the potential for this policy to improve health outcomes for these workers.

[50]Eissa and Liebman (1996).

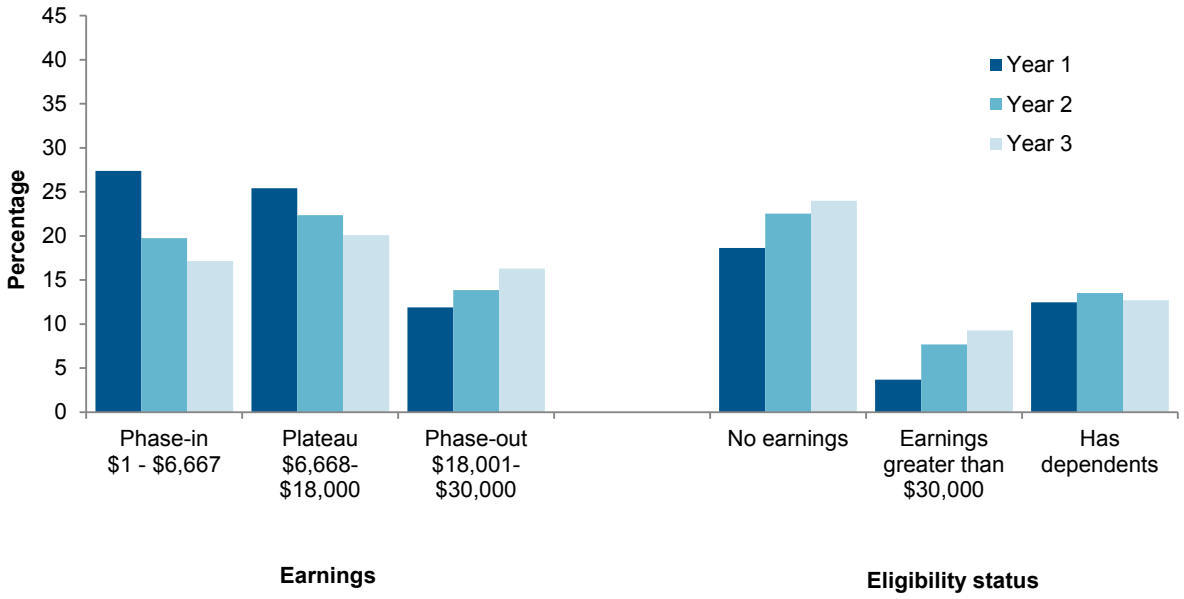
[51]Miller, Katz, and Isen (2021).

Appendix A

Supplementary Tables and Figures

Appendix Figure A.1

Distribution of Control Group Members, by Earnings and Eligibility Status



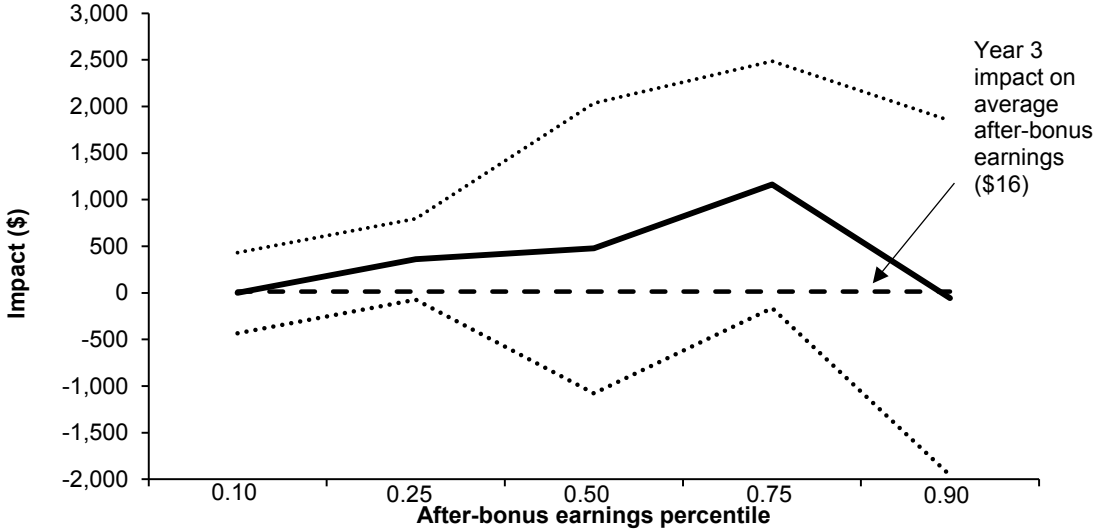
SOURCES: IRS tax forms, W-2s, and 1099-MISCs.

NOTES: "Phase-in" refers to earnings of $1-$6,667. "Plateau" refers to earnings of $6,668-$18,000. "Phase-out" refers to earnings of $18,001-$29,900.

Year 1 refers to tax year 2016, Year 2 refers to tax year 2017, and Year 3 refers to tax year 2018.

Appendix Figure A.2

Quantile Effects on After-Bonus Earnings, Year 3



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

NOTES: The thick solid line presents the impact of Paycheck Plus on earnings at each point in the distribution. The dotted lines show the confidence interval around that estimate. The dashed line reflects an impact of $16.

An estimate is not statistically significant at the 10 percent level if the confidence interval includes the value of 0.

Year 3 refers to tax year 2018.

Appendix Table A.1

Baseline Characteristics by Research Group

Characteristic (%)	Full Sample	Program Group	Control Group	P-Value
Male	60.6	59.8	61.3	0.649
Age				0.012
35 years and younger	39.9	37.9	41.9	
Older than 35 years	60.1	62.1	58.1	
Race/ethnicity				0.440
Hispanic	2.1	2.3	2.0	
Non-Hispanic Black	85.6	84.9	86.2	
Non-Hispanic White/Other	11.2	11.9	10.5	
Education				
High school diploma or GED	59.7	59.4	59.9	0.936
Some college	13.4	14.5	12.3	0.112
Bachelor's degree	12.6	12.4	12.8	0.924
No degree	14.0	13.2	14.8	0.365
Noncustodial parent, including self-reported[a]	42.1	41.7	42.4	0.653
Ever incarcerated in jail or prison	28.5	28.2	28.7	0.946
More disadvantaged men[b]	40.8	39.4	42.2	0.208
Currently working	46.0	46.2	45.7	0.802
Working full time[c]	29.2	29.7	28.7	0.805
Earnings in the past year				0.754
$0	22.9	23.2	22.7	
$1 - $6,666	26.7	26.9	26.4	
$6,667 - $17,999	30.4	30.7	30.2	
$18,000 or higher	19.9	19.1	20.7	
Filed a tax return for tax year 2015	46.3	46.5	46.1	0.900
Has heard of the Earned Income Tax Credit (EITC)	56.6	58.2	54.9	0.098
Has received the EITC in the past	23.7	24.6	22.9	0.287
Sample size	3,971	1,995	1,976	

SOURCES: Paycheck Plus baseline survey data; MDRC calculations from the Georgia 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 chi-square test for categorical variables was run to determine whether there is a difference in the distribution of related characteristics.

[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]"More disadvantaged men" are men who either were noncustodial parents at the time of random assignment or had been incarcerated at some point prior to random assignment. The percentages on this table are correct; the earlier report inaccurately showed that more disadvantaged men made up 28.7 percent of the program group and 30.6 percent of the control group.

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

Appendix Table A.2

Baseline Characteristics for Disadvantaged Men Subgroups

Characteristic (%)	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	84.8
Non-Hispanic White/Other	9.3	11.7
Education		
High school diploma or GED	62.8	62.6
Some college	11.4	12.9
Bachelor's degree	7.7	13.1
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	47.5
Working full time[b]	27.0	30.7
Earnings in the past year		
$0	25.3	23.7
$1 - $6,666	27.4	24.8
$6,667 - $17,999	28.6	32.0
$18,000 or higher	18.6	19.6
Filed a tax return for tax year 2015	37.9	49.9
Has heard of the Earned Income Tax Credit (EITC)	54.2	43.9
Has received the EITC in the past	16.6	14.7
Sample size	1,621	613

SOURCES: Paycheck Plus baseline survey data; MDRC calculations from the Georgia 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.

"More disadvantaged men" are men 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

Characteristic (%)	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	11.9
Bachelor's degree	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	67.4
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	28.9
$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	2,405

SOURCES: Paycheck Plus baseline survey data; MDRC calculations from the Georgia 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]"More disadvantaged men" are men who either were noncustodial parents at the time of random assignment or had been incarcerated at some point prior to random assignment. The percentages on this table are correct; the earlier report inaccurately showed that more disadvantaged men made up 49 percent of all men.

[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

Characteristic (%)	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
Bachelor's degree	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]	45.1	41.5	37.5
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	64.5
Has received the EITC in the past	14.6	25.2	27.9
Sample size	910	1,566	1,492

SOURCES: Paycheck Plus baseline survey data; MDRC calculations from the Georgia 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]"More disadvantaged men" are men who either were noncustodial parents at the time of random assignment or had been incarcerated at some point prior to random assignment. The percentages on this table are correct; the earlier report inaccurately showed that more disadvantaged men made up 33.3 percent of the no earnings subgroup, 31.3 percent of the $1-10,000 subgroup, and 25.7 percent of the >$10,000 subgroup.

[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	Year 3
Women	44.3	39.5	33.0
Men	31.4	26.8	22.0
More disadvantaged men[a]	30.6	24.9	21.3
Other men	35.2	33.0	26.1
Earnings in the year before enrollment			
No earnings	15.6	14.3	11.9
$1 - $10,000	36.6	33.8	27.1
More than $10,000	49.7	40.9	34.9

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

NOTES: Bonus receipt includes bonus payments through March 2020.

Year 1 refers to the filing for tax year 2016, Year 2 refers to the filing for tax year 2017), and Year 3 refers to the filing for tax year 2018.

[a]"More disadvantaged men" are men who either were noncustodial parents at the time of random assignment or had been incarcerated at some point prior to random assignment.

Appendix Table A.6

Effects by Noncustodial Parent Status

	Noncustodial Parent					Not a Noncustodial Parent					
Outcome	Program Group	Control Group	Difference (Effect)	Standard Error	P-Value	Program Group	Control Group	Difference (Effect)	Standard Error	P-Value	P-Value, Subgroup Difference
After-bonus earnings ($)											
Year 1	10,682	9,791	342	418	0.413	10,953	9,853	1,119	346	0.001	0.152
Year 2	12,376	12,054	-234	534	0.661	12,566	11,505	1,105	420	0.009	0.049
Year 3	13,773	14,125	-894	640	0.162	13,631	12,987	737	497	0.139	0.044
Any earnings (%)											
Year 1	81.4	80.5	-0.3	1.7	0.870	78.8	79.3	0.4	1.4	0.776	0.759
Year 2	78.1	76.4	0.5	1.9	0.788	75.9	75.7	1.4	1.5	0.366	0.718
Year 3	77.0	74.7	1.4	1.9	0.482	75.2	75.1	1.1	1.6	0.504	0.905
Average earnings ($)											
Year 1	10,393	9,889	-102	457	0.823	10,668	9,932	731	383	0.056	0.162
Year 2	12,415	12,395	-598	593	0.313	12,603	11,829	794	472	0.092	0.066
Year 3	13,895	14,596	-1,298	705	0.066	13,702	13,321	452	549	0.411	0.050
Filed taxes (%)											
Year 1	56.3	42.0	12.9	2.3	0.000	63.5	52.4	11.6	1.8	0.000	0.672
Year 2	53.7	43.0	9.7	2.3	0.000	59.9	50.3	10.0	1.9	0.000	0.915
Year 3	49.6	38.8	10.1	2.3	0.000	56.0	48.2	8.4	1.9	0.000	0.556
Sample size	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. The p-value is the probability that the difference between the program and control groups arose by chance. The standard error is a measure of the variability in the outcome.

P-Value, Subgroup Difference column: The p-value in this column represents the probability that the difference in the impacts across the subgroups arose by chance.

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, Year 2 refers to tax year 2017, and Year 3 refers to tax year 2018.

Appendix Table A.7

Effects by Incarceration Status Prior to Study Entry

	Previously Incarcerated					Not Previously Incarcerated					
Outcome	Program Group	Control Group	Difference (Effect)	Standard Error	P-Value	Program Group	Control Group	Difference (Effect)	Standard Error	P-Value	P-Value, Subgroup Difference
After-bonus earnings ($)											
Year 1	9,225	7,940	943	504	0.062	12,143	11,222	725	353	0.040	0.722
Year 2	10,203	9,235	603	615	0.327	14,084	13,423	503	441	0.254	0.895
Year 3	11,338	11,161	-186	733	0.799	15,251	15,290	-112	522	0.830	0.934
Any earnings (%)											
Year 1	78.2	75.5	1.8	2.3	0.438	82.9	83.2	0.2	1.3	0.857	0.560
Year 2	71.9	69.3	1.7	2.5	0.505	80.8	81.5	0.1	1.4	0.963	0.576
Year 3	72.1	69.7	1.6	2.5	0.521	79.0	79.8	0.0	1.5	0.978	0.589
Average earnings ($)											
Year 1	8,975	8,011	587	547	0.283	11,853	11,345	262	393	0.505	0.629
Year 2	10,232	9,473	358	674	0.595	14,139	13,821	99	499	0.842	0.757
Year 3	11,427	11,490	-460	803	0.566	15,337	15,734	-524	580	0.366	0.949
Filed taxes (%)											
Year 1	48.7	35.4	12.1	2.8	0.000	68.3	56.8	11.4	1.8	0.000	0.831
Year 2	43.5	36.2	6.6	2.8	0.018	66.2	54.8	11.4	1.8	0.000	0.145
Year 3	41.4	32.8	8.3	2.8	0.003	60.8	52.6	8.5	1.9	0.000	0.959
Sample size	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. The p-value is the probability that the difference between the program and control groups arose by chance. The standard error is a measure of the variability in the outcome.

P-Value, Subgroup Difference column: The p-value in this column represents the probability that the difference in the impacts across the subgroups arose by chance.

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, Year 2 refers to tax year 2017, and Year 3 refers to tax year 2018.

Appendix Table A.8

Effects by Age

Outcome	35 or Younger					Older than 35					P-Value, Subgroup Difference
	Program Group	Control Group	Difference (Effect)	Standard Error	P-Value	Program Group	Control Group	Difference (Effect)	Standard Error	P-Value	
After-bonus earnings ($)											
Year 1	11,649	10,554	1,372	398	0.001	10,344	9,303	422	357	0.238	0.076
Year 2	13,319	12,675	887	502	0.077	11,977	11,063	244	443	0.581	0.337
Year 3	15,318	14,825	782	613	0.202	12,695	12,494	-506	519	0.329	0.109
Any earnings (%)											
Year 1	88.7	88.8	0.9	1.5	0.555	74.5	73.5	-0.9	1.5	0.580	0.419
Year 2	84.8	86.7	-0.9	1.6	0.568	72.0	68.2	1.9	1.7	0.261	0.229
Year 3	84.0	85.9	-0.8	1.7	0.618	71.0	67.1	2.2	1.7	0.193	0.202
Average earnings ($)											
Year 1	11,230	10,483	1,018	433	0.019	10,139	9,504	-10	396	0.980	0.080
Year 2	13,220	12,780	672	556	0.227	12,099	11,557	-173	497	0.729	0.257
Year 3	15,272	15,031	518	676	0.444	12,872	13,020	-899	571	0.116	0.109
Filed taxes (%)											
Year 1	67.2	57.1	11.1	2.2	0.000	56.4	41.4	12.5	1.8	0.000	0.625
Year 2	62.9	55.6	8.2	2.3	0.000	53.9	41.1	10.9	1.9	0.000	0.354
Year 3	59.3	52.7	7.4	2.4	0.002	49.7	38.0	10.1	1.9	0.000	0.376
Sample size	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. The p-value is the probability that the difference between the program and control groups arose by chance. The standard error is a measure of the variability in the outcome.

P-Value, Subgroup Difference column: The p-value in this column represents the probability that the difference in the impacts across the subgroups arose by chance.

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, Year 2 refers to tax year 2017, and Year 3 refers to tax year 2018.

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