Public Assistance Benefits in North Carolina and DHHS Growth

Potential Benefit Eligibility for Five Household Scenarios and DHHS Expenditure Growth Compared to Other Growth Rates Since 2000

March 25, 2013

Purpose and Methods

Purpose: To model potential public assistance benefit eligibility for five different household scenarios. The scenarios illustrate where disincentives for marginal increases in household wages exist due to the loss of public assistance benefits.

Methods: Developed five household scenarios:

1) single mother with two children, aged 1 and 4
2) married couple with two children, aged 1 and 4
3) married couple with two children, aged 5 and 8
4) single adult over 65
5) single adult under 65

Public assistance program eligibility and potential benefit amounts were calculated for each of the four household scenarios based on varying wages ranging from $0 to $100,000. The benefits calculated included: federal and state earned income tax credits, Work First (North Carolina 's Temporary Assistance for Needy Families program), the Food and Nutrition Services program, Women, Infants, and Children (WIC), school meal programs, housing choice vouchers (Section 8), child care subsidies, energy assistance, Medicaid, and Medicaid payment of Medicare Part B premiums for those age 65 and older.

Public assistance benefit programs that are not means tested were excluded from this analysis. For example, benefits under the Home and Community Care Block Grant were excluded.

Interpretation of Potential Benefits Charts

- Each chart represents the benefits a household at a given income level is eligible to receive North Carolina, but not what a household actually receives.
- For several programs, obtaining and maintaining eligibility is based on additional factors beyond income.
- Participation in these programs generally requires an application.
- Coverage under the child care subsidy, Section 8 vouchers, energy assistance, and Medicaid payment of Medicare Part B is limited to available funds for each program. An individual may be eligible for these programs, but not receive benefits due to limited funds.

North Carolina Population Served by Public Assistance Programs

Public Assistance Program	Number Served	% of NC Population Served
Medicaid	1,580,198	16.20%
Food and Nutrition Services	1,452,425	14.89%
Section 8 Vouchers	130,363	1.34%
Child Care Subsidy	76,128	0.78%
Energy Assistance	68,445*	0.70%
Work First	44,530	0.46%
School Meal Programs**	638,934	44%

Notes: Data in the table is based on the most recent available and dates vary. * Energy Assistance number served is households, not individuals. **School Meal Program number served is students receiving free or reduced priced lunches and % of NC population is based on average daily membership in public schools.

Federal and State Share of Total Program Costs

Public Assistance Program	Federal % of Total Funding	State % of Total Funding
Medicaid	65.28%	34.72%
Food and Nutrition Services	100%	0%
Section 8 Vouchers	100%*	0%
Child Care Subsidy	80%	20%
Energy Assistance	100%	0%
Work First	100%	0%
WIC	100%	0%
School Meal Program**	64.85%	0.46%

Notes: County Departments of Social Services incur costs administering the programs.
*Local Housing Authorities may receive funds from municipalities for Section 8. It varies greatly across the State, as there is no formula match required by the Federal government. **The remaining funding for the School Meal program comes from local sources (34.69%).

2013 Federal Poverty Levels for 48 Contiguous States

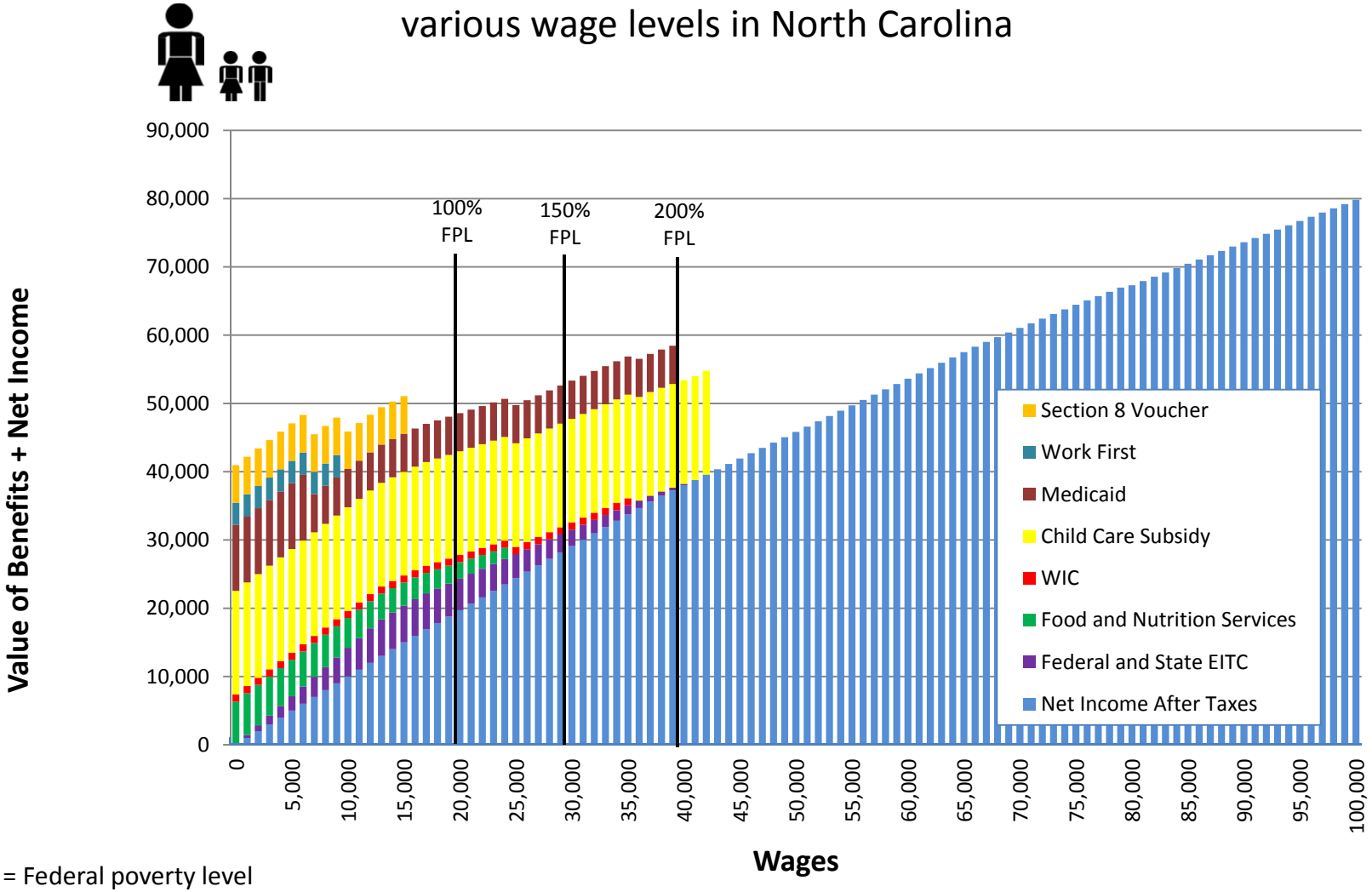
Persons in Household	100% Federal Poverty Level	150% Federal Poverty Level	200% Federal Poverty Level
1	$11,490	$17,235	$22,980
2	15,510	23,265	31,020
3	19,530	29,295	39,060
4	23,550	35,325	47,100
5	27,570	41,355	55,140
6	31,590	47,385	63,180
7	35,610	53,415	71,220
8	39,630	59,445	79,260

Notes: Alaska and Hawaii guidelines differ

Source: **The Federal Register**, Notice by U.S. Department of Health and Human Services on January 24, 2013

Household Income and Potential Benefits

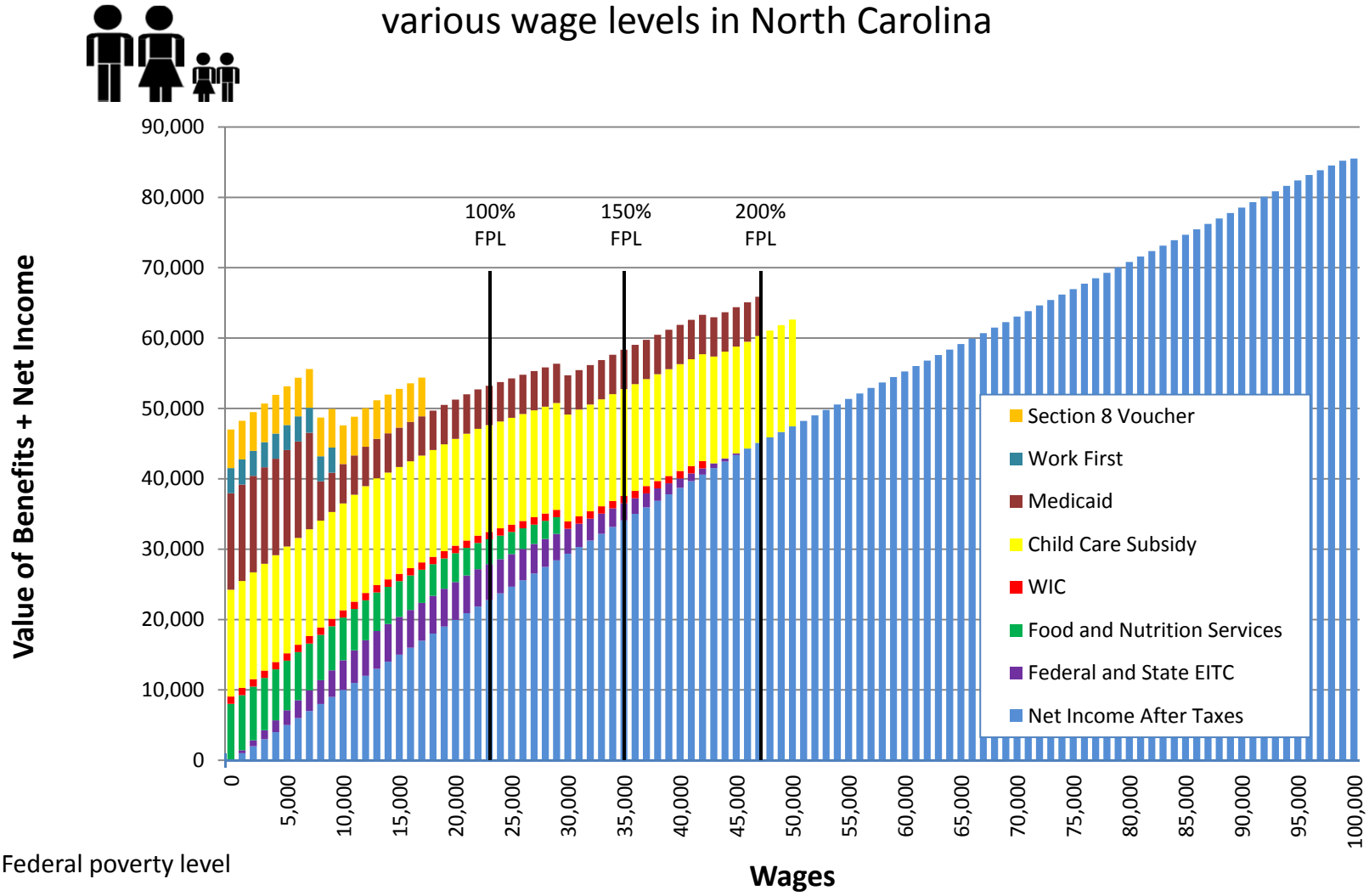
Potential benefits that a single mother with two children ages 1 and 4 could receive at various wage levels in North Carolina



FPL = Federal poverty level

Household Income and Potential Benefits

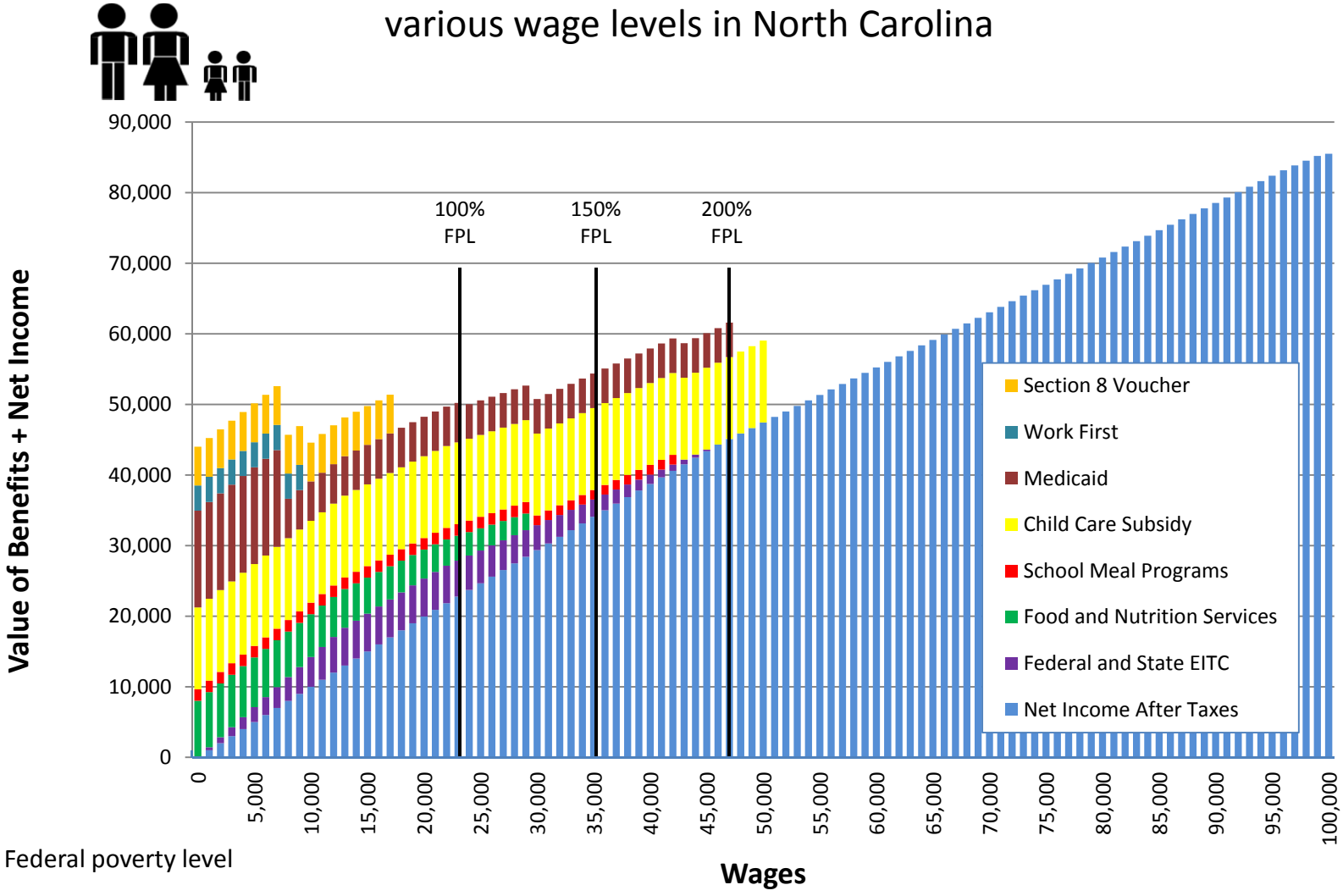
Potential benefits that a married couple with two children, ages 1 and 4 could receive at various wage levels in North Carolina



FPL = Federal poverty level

Household Income and Potential Benefits

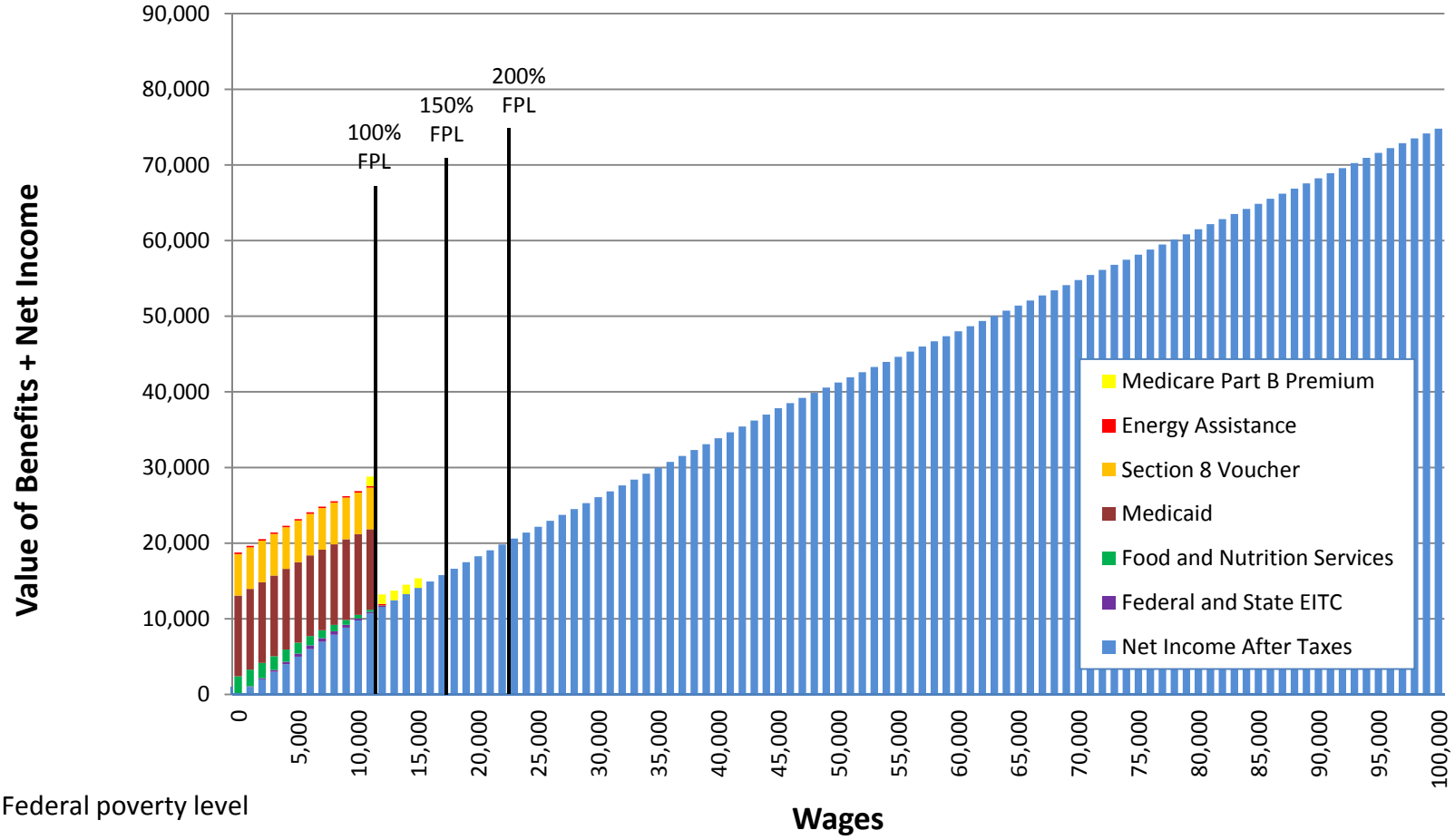
Potential benefits that a married couple with two children, ages 5 and 8 could receive at various wage levels in North Carolina



FPL = Federal poverty level

Household Income and Potential Benefits

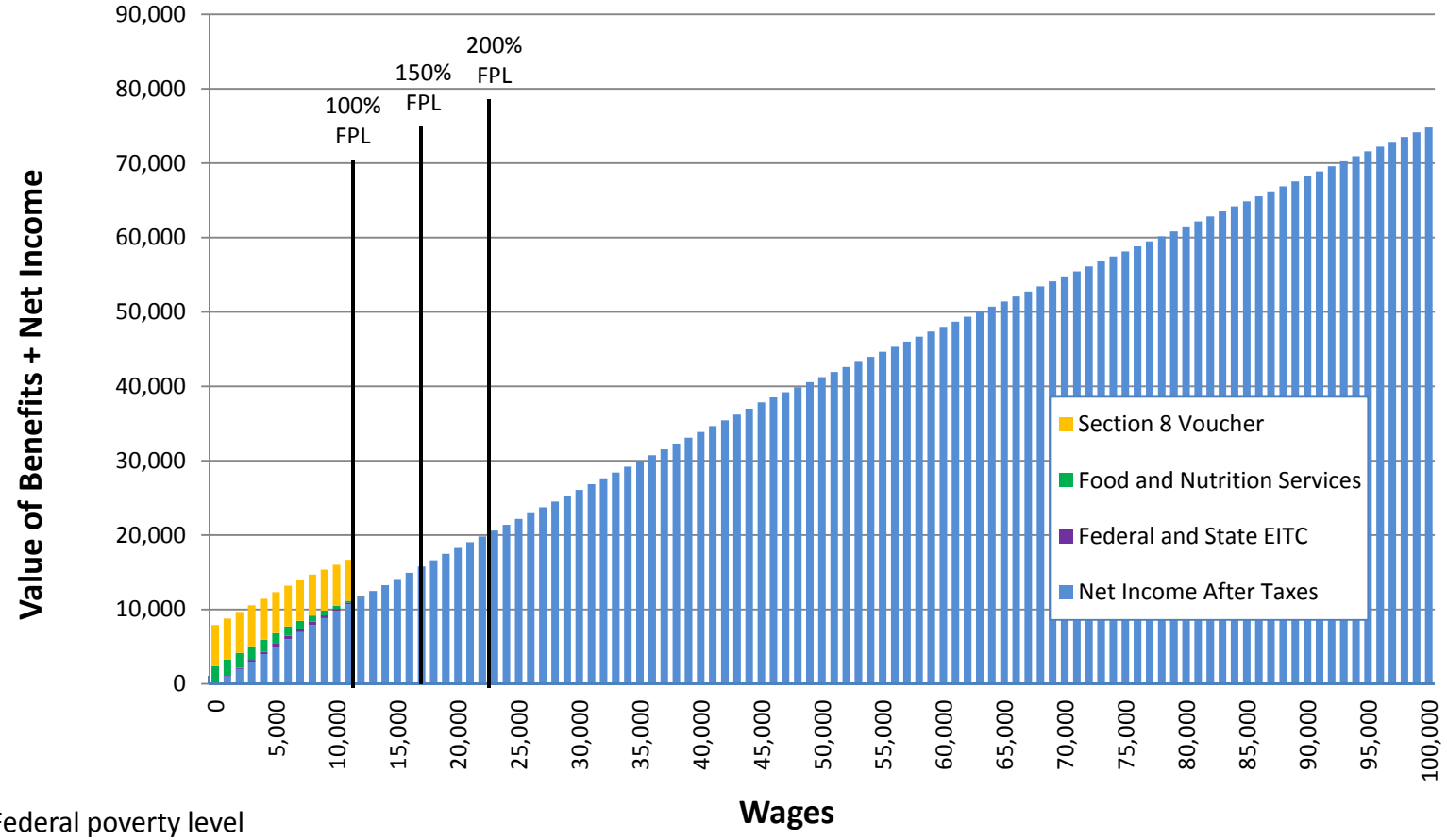
Potential benefits that a single adult over 65 could receive at various wage levels in North Carolina



FPL = Federal poverty level

Household Income and Potential Benefits

Potential benefits that a single adult under 65 could receive at various wage levels in North Carolina



FPL = Federal poverty level

Assumptions

State and Federal Income Taxes: Assumed income is derived from wages and not other sources, such as dividends, interest, or capital gains. Assumed household claimed the standard deduction and took advantage of child tax credit where applicable and federal and state earned income tax credit. Excluded sales tax, property tax, and FICA taxes from all scenarios.

Work First: Assumed household has not exhausted the 60-month federal time limit for receiving assistance and otherwise qualifies with all other eligibility requirements such as having no more than $3,000 in resources and working, in school, or a job training program. Assumed household is eligible and receiving the maximum benefit payment.

Medicaid: Assumed household met eligibility requirements either under the "Medicaid for Families & Children" group or the "Children under age 6" group. For over 65 household, assumes eligibility under the "Aged" group and that the individual is not living in a nursing facility or disabled. Applied average yearly payment for the benefit values: child payment of $2,796, adult payment of $4,059, and aged payment of $10,664. For child of age 8, included participation in NC Health Choice as part of "Medicaid" category. Annual benefit value of NC Health Choice was $2,268.

Child Care Subsidy: Assumed household meets all eligibility requirements beyond financial and can pay their share of the cost (9-10% of gross monthly income). Assumed program has available funds. Applied median values for all North Carolina counties for a 5-star facility (the highest subsidy amount) for infant-toddler and 3-5 year old care.

Assumptions

WIC: Assumed household meets all requirements to maintain eligibility and that children in the households receive the food package benefit. Applied the average monthly WIC benefit amount in North Carolina of $43.65.

Section 8: Determined eligibility based on the median value in NC of 30% of the area mean income (AMI). Applied the average monthly benefit payment in North Carolina of $458.

Food and Nutrition Services: Determined eligibility based on the gross income test. Assumed net income was 65% of gross income after deductions to determine the allotment amount.

Energy Assistance: Assumed that only the over 65 household receives the benefit because the program has limited funds and places priority on serving low-income elderly in North Carolina. Assumed household did not exceed the income limit (below 110% of federal poverty.) Applied average yearly household assistance benefit of $202.

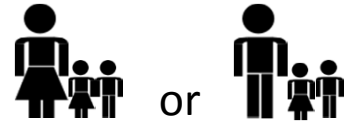
Medicare Part B Premium paid by Medicaid: Assumed the over 65 individual met eligibility requirements under the "Qualified Medicare Beneficiaries" group, which entitles them to payment of Medicare Part B premiums. Assumed that the individual is eligible for Social Security. Assumed household did not exceed the income limit (below 135% of federal poverty) and that the program had available funds. Applied average yearly benefit value of $1,258.

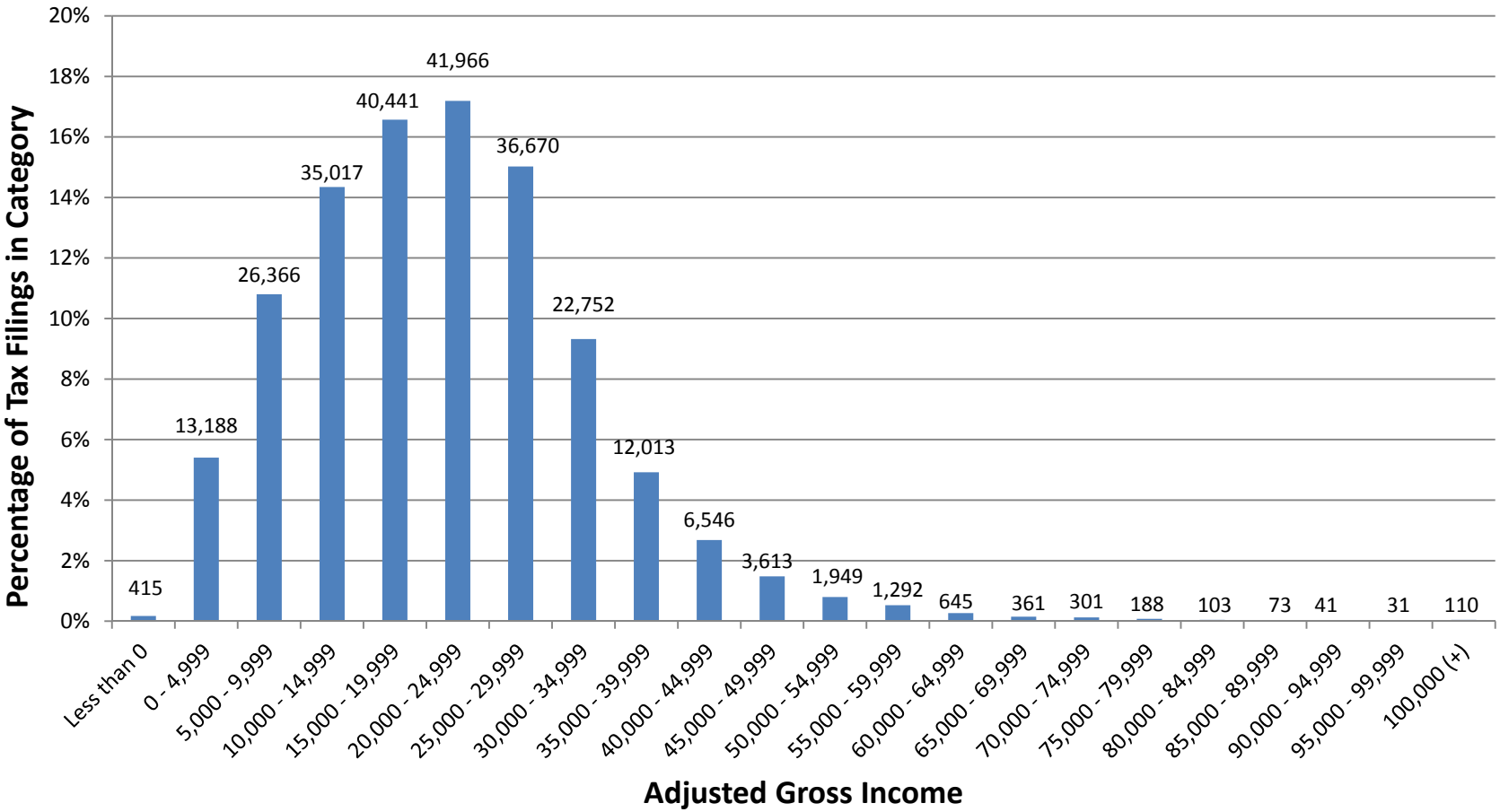
School Meal Programs: Assumed that child participated in the school breakfast and school lunch programs. Assumed that families qualifying for the reduced-price meal were able to pay their share of the cost for each meal ($0.80 per day) and that the child had 100% attendance.

Tax Filing Data Related to Scenarios

- Using tax filing data, we can estimate what percentages of tax filers for each scenario might fall into differing income categories.
- Because it is tax data, income is measured differently (Adjusted Gross Income rather vs. wages).
- Additional limitations because tax categories are different than how the benefit scenarios are categorized. For example, a single tax filer could be under 65 or over 65. In addition, tax data does not include the age of children, but the age of a child impacts benefit eligibility.

Head of Household with Two Children



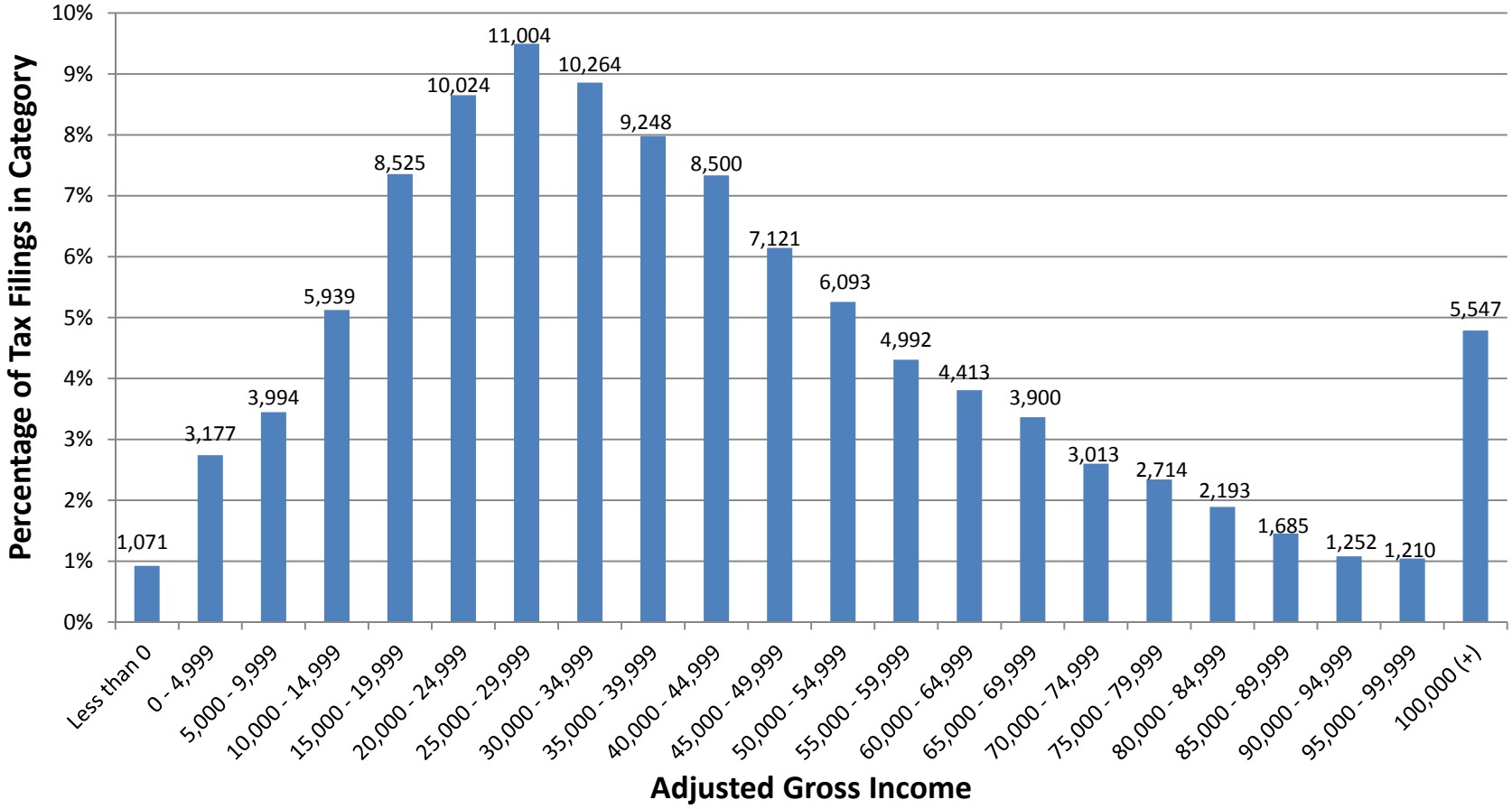


Notes: Based on a total of 244,081 filings as head of household with two children taking the standard deduction. This scenario represents 5.1% of all tax filings.

Source: Estimated 2013 returns from the BearingPoint North Carolina Individual Income Tax Model

Married Filing Jointly with Two Children



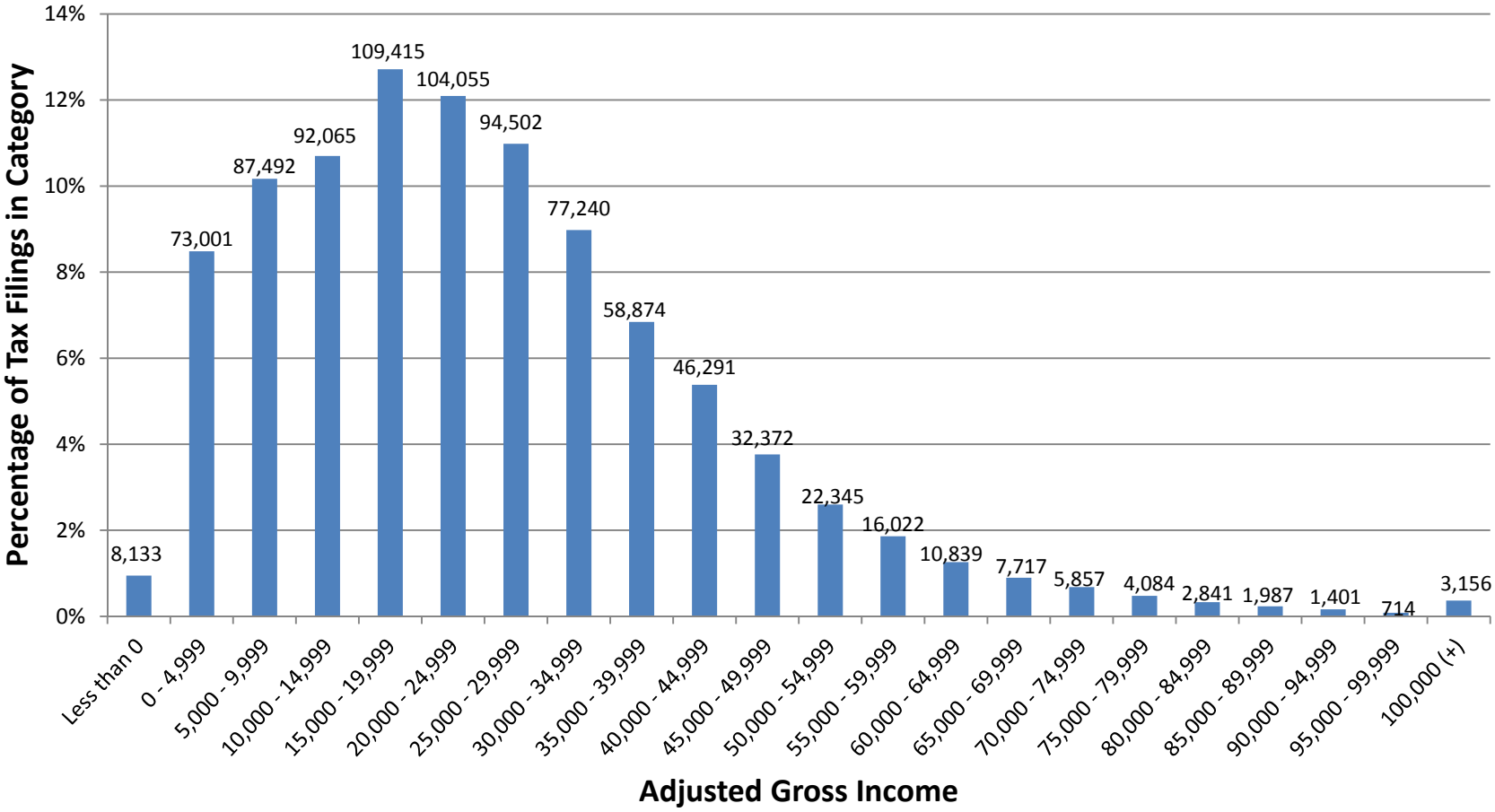


Notes: Based on a total of 115,879 filings as married filing jointly with two children taking the standard deduction. This scenario represents 2.4% of all tax filings.

Source: Estimated 2013 returns from the BearingPoint North Carolina Individual Income Tax Model

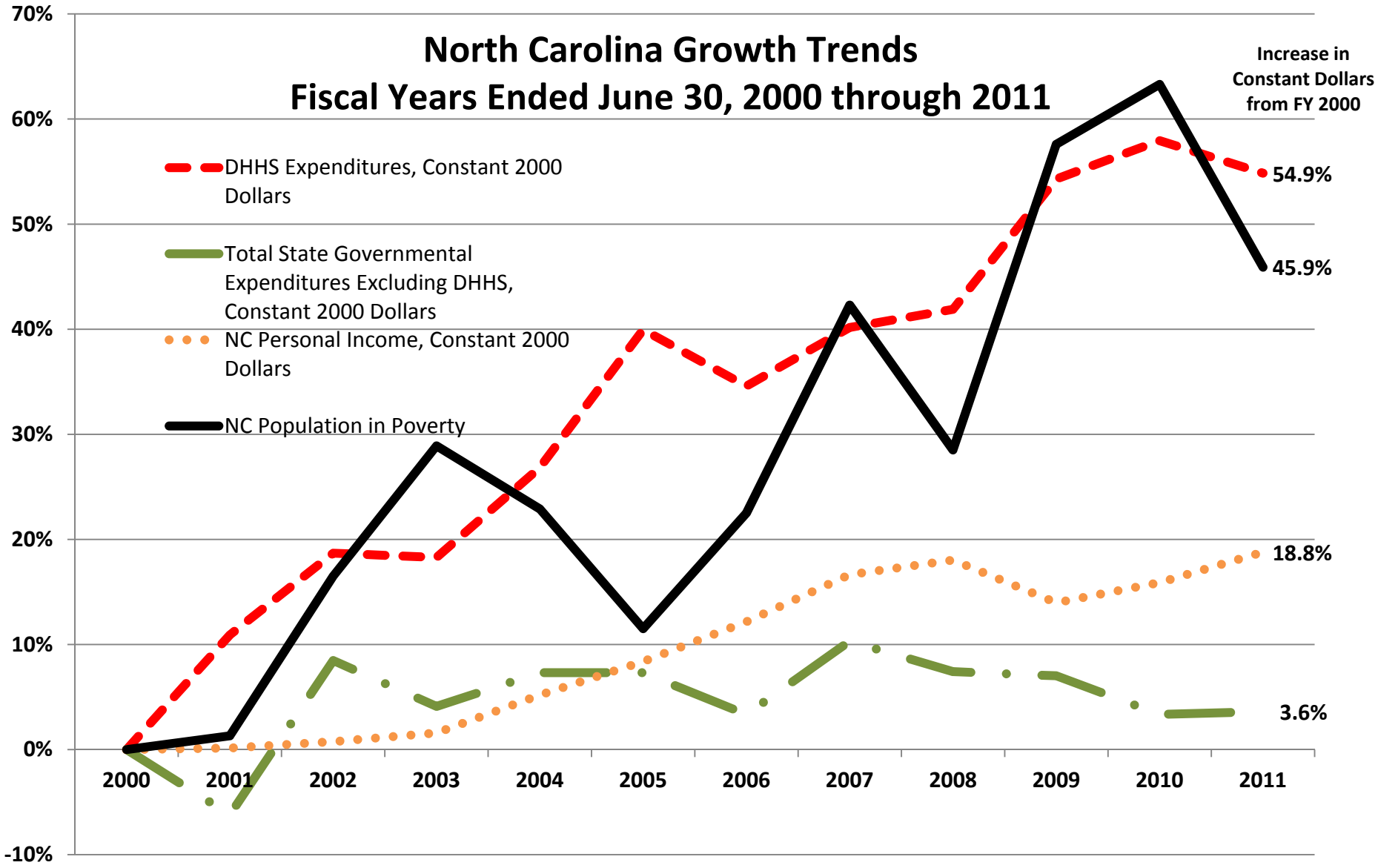
Single with No Children





Notes: Based on a total of 860,403 filings as single with no children taking the standard deduction. This scenario represents 18.1% of all tax filings.

Source: Estimated 2013 returns from the BearingPoint North Carolina Individual Income Tax Model



Data Sources:

1. NC Office of State Controller, *Comprehensive Annual Financial Reports* (2012,2009), Changes in Fund Balances of Governmental Funds, Table 4, 2009 p.271. Table 4, 2012 pp. 258-259.
2. Constant 2000 dollar index for inflation. US Department of Labor, Bureau of Labor Statistics, *Consumer Price Index Calculator*.
3. NC Population in Poverty. US Census, Historical Poverty Data—People, Table 21, *Number of Poor and Poverty Rate by State*.
4. NC Personal Income. US Department of Commerce, Bureau of Economic Analysis, *SA3 Personal Income Summary*, North Carolina.