Congressional Budget Office

Staff Memorandum

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SUMMARY

The Congressional Budget Office has made a partial estimate of the cumulative effects on families of the Administration's personal tax reduction proposal and some of its spending reduction proposals. Since over half of the proposed cuts would affect programs designed to serve low-income families, the analysis focuses on families with pre-tax, post-transfer money incomes less than 150 percent of the federal poverty guidelines.

The major effects of the proposals examined in this analysis are:

- Roughly half of low-income families would face a decline in spendable income--the combined value of money income, food stamps, and child nutrition benefits, less Social Security and federal income taxes--but for the great majority the decline would be less than 5 percent.

- A small proportion of low-income families would face a substantial decline in spendable income. About 4 percent of families would experience losses in excess of 5 percent. For them, losses would average 16 percent.

- Low-income families who receive some public assistance to supplement their low earnings would be affected more than those with no earnings.

The results of this analysis should be interpreted with extreme caution. The effects of proposals involving low-income energy and housing assistance, Medicaid, unemployment insurance, trade adjustment assistance, and Social Security could not be included in the analysis, either because of data limitations or because of the block grant nature of the proposal. The CBO estimates that the proposals that were excluded from the analysis would account for reductions in benefits of approximately $10.1 billion in fiscal year 1982, compared to $5.3 billion for the proposals that were included.

CUMULATIVE EFFECTS OF SOME OF THE ADMINISTRATION'S TAX AND TRANSFER PROPOSALS

The Administration has proposed reducing federal spending for a number of cash and in-kind assistance and employment programs. These include:

- o Aid to Families with Dependent Children (AFDC),
- o Unemployment Insurance (UI),
- o Trade Adjustment Assistance,
- o Social Security,
- o Food stamps,
- o National School Lunch Program (NSLP),
- o Medicaid,
- o Lower-income housing assistance,
- o Low-income energy assistance, and
- o Public Service Employment (PSE).

Many families, particularly those with low incomes, participate in more than one of these programs and might experience large losses in income as a result of the cumulative effects of the proposals. On the other hand, many families affected by cutbacks in certain federal programs (such as PSE and AFDC) would qualify for larger benefits from other federal programs (such as the food stamp and school lunch programs) and might experience only small net impacts. Furthermore, for families with taxable income, the

Administration's proposed reductions in federal personal income taxes might offset the reductions in social programs.[1]

The Congressional Budget Office has made a partial estimate of the net effects on families of the Administration's tax reduction proposal and some of its spending reduction proposals, taking into account the interactions among the various programs. The analysis estimates the cumulative effects of changes in federal income tax rates and in PSE, along with over half of the proposed changes in the AFDC, food stamp, and school lunch programs.[2] The effects of the proposals to cut expenditures for low-income energy and housing assistance, Medicaid, UI, trade adjustment assistance, and Social Security were not included, either because of the nature of the proposal or because of data limitations.[3] (See Table 1 for a detailed list of the proposals that were included in the analysis and Table 2 for those that were excluded.)

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1. This analysis does not incorporate possible changes in earnings or tax payments that might result from increased hours of work due to changes in marginal income tax rates or in other programs such as AFDC. It assumes, however, that some of those who lost PSE jobs would find other employment.

2. The analysis takes into account 51 percent of the proposed dollar reductions for AFDC, 84 percent for food stamps, and 51 percent for nutrition programs.

3. Proposals for block grants and for capping grants to the states for Medicaid could not be analyzed because of the critical role of state responses to the changes. The effects of Social Security changes could not be estimated for lack of data on specific types of benefits.

The analysis deals exclusively with the cumulative effects of these proposals on poor and near-poor families, since, with the exception of the proposed tax cut, the policy changes that are being considered would reduce programs that serve low-income families. Poor families are defined to be those whose pre-tax annual money incomes under current programs are below the official federal poverty standards; near-poor families are those whose annual money incomes are between 100 and 150 percent of the poverty standards. Since many families receive in-kind assistance such as food stamps that improves their well-being, the effects of the proposed policies are analyzed in terms of changes in "spendable income"--the combined value of money income, food stamps, and child nutrition benefits, less Social Security and federal income taxes.

The results of this analysis should be interpreted with extreme caution since the CBO estimates that benefit reductions as a result of the spending proposals that were included in the analysis would total only $5.3 billion, whereas those that were excluded would total $10.1 billion in fiscal year 1982.[4] Because the analysis accounts for only a third of the benefit reductions

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4. These numbers do not represent reductions in federal expenditures since they exclude, where possible, reductions in administrative costs and include reduced benefits paid by the states. The CBO estimates that the spending proposals included in this analysis would result in roughly $5.7 billion in federal savings in fiscal year 1982, whereas those that were excluded would result in roughly $9.3 billion in savings.

from proposals that might have a direct effect on the financial position of low-income families, it considerably understates the magnitude of the cumulative effects of the Administration's entire budget reduction package. Although it does take into account the proposed personal income tax reductions--which are expected to total $43.9 billion in fiscal year 1982--less than one-half of one percent of these tax cuts would be received by the low-income population examined here.

The proposed reductions that could not be analyzed would affect demographic groups differently from those that could be analyzed. The most obvious case is that $2.6 billion of Social Security cuts for fiscal year 1982 could not be included, yet almost half of them would affect the elderly. Similarly, the elderly now receive close to 40 percent of Medicaid and low-income energy assistance benefits but make up only about 11 percent of the population. A second example is that the proposed cuts in Social Security, Medicaid, and health and social services programs would disproportionately affect those who are disabled. Finally, reductions in spending for programs in areas such as education and health, which tend to affect families with children but do not directly affect families' financial resources, have also been excluded from this analysis.

The major effects of the proposals examined in this analysis are:

-- Roughly half of low-income families would face a decline in spendable income, but for the great majority the decline would be less than 5 percent.

-- A small proportion of low-income families would face a substantial decline in spendable income. About 4 percent of families would experience losses in excess of 5 percent. For them, losses would average 16 percent.

-- Low-income families who receive some public assistance to supplement their low earnings would be affected more than those with no earnings.

Families by Poverty Status

The majority of poor and near-poor families would suffer some losses if the Administration's proposals that are examined here were enacted (see Table 3). In most cases, the loss in spendable income would be small. However, the 4 percent of poor and near-poor families whose losses would exceed 5 percent of their spendable incomes--649,000 families in 1980--would lose 16 percent, on average. A negligible number of low-income families would gain more than 5 percent in spendable income.

Among the poorest families (those with annual money incomes below 50 percent of the poverty standards), 57 percent would have lower spendable incomes, fewer than 1 percent would have higher spendable incomes, and the remaining 43 percent would not be affected. Only 5 percent of these families would lose more than 5 percent of their spendable incomes. For them, however, the average loss would be 18 percent.

The impact on the remaining poor families (those with incomes between 50 and 100 percent of the poverty standards) would be similar. Seventy percent would have less spendable income, 3 percent would have more, and 27 percent would not be affected by the proposals that were analyzed. Only 3 percent of these families would suffer losses exceeding 5 percent. The loss in spendable income for them would average 15 percent, however.

Among near-poor families (those with incomes between 100 and 150 percent of the poverty standards), 36 percent would have less spendable income, 25 percent would have more, and 39 percent would not be affected. Only 4 percent of these families would suffer losses greater than 5 percent of their spendable incomes, although for them the average loss would be 16 percent.

Low-Income Families by Demographic Group

The cumulative effects of the Administration's proposals that were analyzed would vary across different demographic groups. Because of the specific program proposals that could be included in this analysis, we find that low-income families in which the head is age 65 or older would be least likely to be affected; whereas, families with children that are headed by nonwhite women under age 65 would be most likely to be affected. These results may well not reflect the relative impact on different demographic groups of all of the Administration's proposed changes to assistance and employment programs, however.

Forty-one percent of low-income families in which the head is age 65 or older would have less spendable income, with essentially all of the losses amounting to less than 5 percent, if the proposals examined here were enacted. Fifty-seven percent would not be affected, and 3 percent would experience a small gain. Aged families below the poverty line would be more likely to lose income than those just above the poverty line (see Table 4). Among the aged poor and near-poor, male- and female-headed families would fare similarly. However, 70 percent of aged poor families, and 63 percent of aged near-poor families, are headed by women. Finally, nonwhite aged families would be more likely to have less spendable income than white aged families, with nonwhite aged families headed by women the most likely to lose.

Low-income families headed by nonaged women would fare slightly worse than those headed by nonaged men. Among female-headed families with incomes below 50 percent of the poverty guidelines, 60 percent would have less spendable income, fewer than 1 percent would gain, and 39 percent would be unaffected (see Table 5). For those with incomes between 50 and 100 percent of poverty, 75 percent would lose and 3 percent would gain, with the remainder unaffected. Among the 5 percent of these families who would lose more than 5 percent, the average loss would be 13 percent.

Near-poor, nonaged, female-headed families would be less likely to lose and more likely to gain than those that are poor, although only 5 percent of the poor would lose more than 5 percent of income, compared to 12 percent of the near-poor. Moreover, near-poor families that lose more than 5 percent tend to lose slightly more--on average, 15 percent compared with 13 percent.

Families with children would be more likely to have reductions in spendable income than families without children, largely because of proposed changes in the AFDC program and the proposal to reduce food stamp benefits for families with children receiving free school lunches.[5] For example, among near-poor families headed by white women, 68 percent of those with children would have less spendable income, and 18 percent would gain, compared to 25 percent losing and 44 percent gaining among those without children. Differences would also exist among families headed by nonaged women of different races, with nonwhite families somewhat more likely to lose than white families, whether or not they have children.

Poor families headed by nonaged men would fare slightly better under the proposals examined here than would similarly situated female-headed families (see Table 6). Fifty-four percent

5. A few families with children whose heads were age 65 or older were excluded from this analysis.

of nonaged male-headed families with incomes below 50 percent of poverty, and 60 percent of those with incomes between 50 and 100 percent of poverty, would have less spendable income under the proposals, compared to 60 percent and 75 percent of comparable female-headed families, although the likelihood of losing more than 5 percent is only slightly higher for female-headed, poor families--5 percent compared to 4 percent.

For the near poor, 40 percent of nonaged male-headed families would lose, and 44 percent would gain, compared to 52 percent losing and 29 percent gaining among nonaged female-headed families. Furthermore, near-poor, nonaged, male-headed families are less than one-third as likely to lose more than 5 percent of their spendable incomes than are similarly situated female-headed families. Among male-headed families in all three income groups, as among female-headed families, those with children are more likely to lose than are those without children, and nonwhites are more likely to lose than are whites.

Since 74 percent of the benefit reductions from the proposed AFDC policy changes examined here (or 37 percent of total AFDC benefit reductions) would affect the way that AFDC benefits would be calculated for families that have some earnings, AFDC families with earnings would experience relatively larger losses in income than AFDC families that had no earnings (see Table 7).[6] Over 80 percent of AFDC families with earnings would have less spendable income under the proposals examined here, with 43 percent expected to lose more than 5 percent. About 70 percent of AFDC families without earnings would also have less spendable income under these proposals, but only 10 percent of them would lose more than 5 percent.

Another way of looking at the effects of the proposed policy changes is to examine the demographic characteristics of those whose spendable incomes would decline by more than 5 percent. Since changes in the Social Security program are not examined in this analysis, nearly all families who would lose more than 5 percent as a result of the proposals that were analyzed would be headed by a nonaged person (see Table 8).[7] Sixty-eight percent of those who would lose more than 5 percent of spendable income would

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6. Among the proposed AFDC policy changes not examined here, counting the earned income tax credit in monthly income would affect only families with earnings, while retrospective accounting would primarily affect families with earnings. These proposals account for 22 percent of the estimated reduction in benefits from AFDC proposals not examined here or 11 percent of the estimated reduction in benefits from all AFDC proposals. Consequently, nearly half of all AFDC benefit reductions would affect the benefits of AFDC families with earnings--about 20 percent of all families ever receiving AFDC during the year, and about 13 percent of families receiving AFDC during a typical month.

7. Moreover, the Administration's proposals do not call for significant reductions in the Supplemental Security Income (SSI) program, which serves as the principal cash assistance program for the low-income elderly, blind, and disabled.

be headed by women, and 39 percent would be headed by nonwhites. Families with children headed by white women would account for 32 percent of such families, while those with children headed by nonwhite women would account for 29 percent.

Families by Region

Among the poorest families, those in the South would be most likely to have less spendable income under the proposals included in this analysis (see Table 9). Seventy-two percent of families in the South with incomes below 50 percent of poverty would have less spendable income, compared to 25 percent of those in the Northeast, 53 percent of those in the North Central region, and 38 percent of those in the West. The relatively large number of very poor families in the South who would have less spendable income (529,000 as of 1980) reflects, to some extent, the relatively high proportion of AFDC recipients in the South who have post-transfer incomes below 50 percent of poverty. Thus, changes to the AFDC program would generally affect more families below 50 percent of poverty in the South than in the other regions.

The proportions of families with incomes between 50 and 100 percent of poverty that would have less spendable income would be roughly the same in the Northeast, North Central, and South regions (73, 69, and 74 percent, respectively), while the proportion would be somewhat lower in the West (58 percent). The South contains the largest percentage of families in that income group that would lose more than 5 percent.

Among the near-poor, the proportion of families that would have less spendable income under the proposals examined here-would be roughly the same in all the regions--41 percent in the Northeast, 39 percent in the South, 34 percent in the North Central, and 29 percent in the West. Near-poor families in the South would be least likely to lose more than 5 percent of income, while those in the North Central region would be the most likely.

TABLE 1. ADMINISTRATION PROPOSALS TO REDUCE SPENDING THAT WERE MODELED IN THE CBO SIMULATION, AND THEIR ESTIMATED REDUCTIONS IN BENEFITS FOR FISCAL YEAR 1982 (In millions of dollars)[a]

Proposals Included	Reduction in Benefits	
AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)		
Standardize and limit earnings disregards	328	
Establish four month limitation on $30 plus one-third disregard	269	
Eliminate payments for children 18 and older	185	
Prohibit payments less than $10 per month	0	
Limit eligibility to 150 percent of state need standard	0	
Limit resources to $1,000	30	
Total, AFDC proposals included		812
FOOD STAMPS[b]		
Reduce bonus by school lunch overlap	360	
Eliminate September/December projection of price index	359	
Eliminate increase in medical deduction	23	
Eliminate separate dependent care deduction	35	
Establish 130 percent of poverty gross income limit	119	
Eliminate updates of shelter and standard deductions	119	
Total, food stamp proposals included		1,015
SCHOOL LUNCH PROGRAM[b]		
Eliminate subsidy for children with family income exceeding 185 percent of poverty		
Reduce subsidies for children with family income between 125 percent and 185 percent of poverty		
Eliminate January/March projection of poverty guideline		
Eliminate standard income deduction		
Eliminate inflation adjustment in most subsidies		
Total, school lunch proposals included		840
PUBLIC SERVICE EMPLOYMENT (PSE)		
Eliminate all PSE jobs		2,600
TOTAL BENEFIT REDUCTION FOR INCLUDED PROPOSALS		5,267

SOURCE: Congressional Budget Office, preliminary estimates, subject to change.

a. Amounts in the table represent changes in benefits for the entire population, not just those whose incomes are less than 150 percent of the federal poverty guidelines.

b. Does not include any reduction in benefits in Puerto Rico that might result from the consolidation of Puerto Rican nutrition assistance into a block grant.

TABLE 2. ADMINISTRATION PROPOSALS TO REDUCE SPENDING THAT WERE NOT MODELED IN THE CBO SIMULATION, AND THEIR ESTIMATED REDUCTIONS IN BENEFITS FOR FISCAL YEAR 1982 (In millions of dollars)[a]

Proposals Not Included	Reduction in Benefits	
AFDC		
Assume advance payment of earned income tax credit	81	
Count stepparents' income	200	
Require retrospective accounting	93	
Permit offsets for food stamps and housing subsidies (at state option)	185	
Recover overpayments	213	
Count lump sum payments	9	
Prohibit aid to strikers	9	
Total, AFDC proposals not included		790
FOOD STAMPS[b]		
Prorate first month's benefits	190	
Require monthly reporting and retrospective accounting	0	
Total, food stamp proposals not included		190
NUTRITION PROGRAMS[c]		820
LOW-INCOME ENERGY ASSISTANCE AND EMERGENCY ASSISTANCE[d]		904
LOWER-INCOME HOUSING ASSISTANCE		150
UNEMPLOYMENT COMPENSATION		2,377
TRADE ADJUSTMENT ASSISTANCE		1,335
SOCIAL SECURITY		2,600
MEDICAID[e]		944
TOTAL BENEFIT REDUCTION FOR PROPOSALS NOT INCLUDED		10,110

SOURCE: Congressional Budget Office, preliminary estimates, subject to change.

a. Amounts in the table represent changes in benefits for the entire population, not just those whose incomes are less than 150 percent of the federal poverty guidelines. Moreover, the proposals listed here are those that would affect the financial position of low-income families. The table does not include others that would also have an impact on these families, such as consolidating health and social service programs and substantially reducing their funding.

TABLE 2. Continued

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b. Does not include any reduction in benefits in Puerto Rico that might result from the consolidation of Puerto Rican nutrition assistance into a block grant.

c. Includes other reductions in the School Lunch Program and all reductions in the Special Milk, Special Meal Assistance, School Breakfast, Summer Feeding, Child Care Feeding, Special Supplemental Food (WIC), and Nutrition Studies and Education programs.

d. Does not account for possible state administrative savings.

e. Administration's estimate of federal savings from the proposed cap on Medicaid grants to states. The effect of this cap on Medicaid benefits would depend upon the types of cutbacks the states would employ in response to reduced federal funding.

TABLE 3. ESTIMATED CHANGES IN POST-TAX, POST-TRANSFER FAMILY INCOME FOR POOR AND NEAR-POOR FAMILIES, DUE TO SOME OF THE ADMINISTRATION'S CHANGES IN THE PSE, AFDC, FOOD STAMP, SCHOOL LUNCH, AND FEDERAL INCOME TAX PROGRAMS, BY POVERTY STATUS AND AGE OF HEAD, FISCAL YEAR 1982[a]

	Number of Families (In thousands, as of fiscal year 1980)	Percent of Families with Income Losses of[b]		Percent of Families with No Change in Income	Percent of Families with Income Gains of		Percent Decline in Income for Families Losing More than 5 Percent of Income
		More than 5 Percent	Less than 5 Percent		More than 5 Percent	Less than 5 Percent	
All Poor and Near-Poor Families	16,505	3.9	47.3	34.4	0.2	14.2	16
Below 50% of poverty[c]	1,469	4.7	52.1	42.6	0.2	0.4	18
50 to 99% of poverty	6,430	3.1	66.6	26.9	0.2	3.2	15
100 to 149% of poverty	8,606	4.4	32.0	38.7	0.2	24.7	16
Families With an Aged[d] Head							
Below 50% of poverty	63	0.8	35.6	63.6	0.0	0.0	e
50 to 99% of poverty	1,939	0.1	71.4	28.3	0.0	0.2	e
100 to 149% of poverty	3,283	0.1	22.4	73.2	0.0	4.3	e
Families With a Nonaged Head							
Below 50% of poverty	1,406	4.9	52.9	41.6	0.2	0.4	19
50 to 99% of poverty	4,491	4.4	64.6	26.1	0.3	4.6	15
100 to 149% of poverty	5,324	7.0	38.0	17.4	0.3	37.3	16

SOURCE: CBO estimates derived using the March 1978 Current Population Survey, aged to represent fiscal year 1980, and corrected for underreporting of income. Estimates are preliminary and subject to change.

a. See Table 1 for a detailed list of the Administration's proposals that were simulated. A technical description of the simulation procedure is available upon request. Some PSE earners are assumed to acquire private- or public-sector jobs upon losing PSE, while others are assumed to receive unemployment insurance (UI). However, the increased UI eligibility that results solely from holding a PSE job has not been modeled. In modeling changes to the school lunch program, all schools were assumed to continue to provide free and reduced price lunches, despite reductions in federal subsidies.

b. Income includes money income and money transfers, plus the value of food stamp and child nutrition benefits, less federal income and Social Security taxes paid.

c. In determining poverty status, family pre-tax, post-transfer money income under current policies is compared to the poverty guidelines.

d. Age 65 or older.

e. Sample size too small to obtain reliable estimates.

TABLE 4. ESTIMATED CHANGES IN POST-TAX, POST-TRANSFER FAMILY INCOME FOR POOR AND NEAR-POOR FAMILIES WITH AN AGED HEAD, DUE TO SOME OF THE ADMINISTRATION'S CHANGES IN THE PSE, AFDC, FOOD STAMP, SCHOOL LUNCH, AND FEDERAL INCOME TAX PROGRAMS, BY POVERTY STATUS, SEX OF HEAD, AND RACE OF HEAD, FISCAL YEAR 1982[a]

	Number of Families (In thousands, as of fiscal year 1980)	Percent of Families with Income Losses of[b]		Percent of Families with No Change in Income	Percent of Families with Income Gains of	
		More than 5 Percent	Less than 5 Percent		More than 5 Percent	Less than 5 Percent
All Families Below 150 Percent of Poverty,[c] With an Aged[d] Head	5,284	0.1	40.5	56.7	0.0	2.7
Male head						
Below 100 percent of poverty	600	0.1	73.0	26.9	0.0	0.0
100 to 149 percent of poverty	1,224	0.2	30.1	62.1	0.0	7.6
White	1,489	0.1	42.2	52.8	0.0	4.9
Nonwhite	335	0.4	53.2	40.4	0.0	6.0
Female head						
Below 100 percent of poverty	1,402	0.1	69.1	30.6	0.0	0.2
100 to 149 percent of poverty	2,058	0.1	17.7	79.9	0.0	2.3
White	2,953	0.0	34.7	64.1	0.0	1.2
Nonwhite	507	0.6	60.9	36.0	0.0	2.5

SOURCE: CBO estimates derived using the March 1978 Current Population Survey, aged to represent fiscal year 1980, and corrected for underreporting of income. Estimates are preliminary and subject to change.

a. See Table 1 for a detailed list of the Administration's proposals that were simulated. A technical description of the simulation procedure is available upon request. Some PSE earners are assumed to acquire private- or public-sector jobs upon losing PSE, while others are assumed to receive unemployment insurance (UI). However, the increased UI eligibility that results solely from holding a PSE job has not been modeled. In modeling changes to the school lunch program, all schools were assumed to continue to provide free and reduced price lunches, despite reductions in federal subsidies.

b. Income includes money income and money transfers, plus the value of food stamp and child nutrition benefits, less federal income and Social Security taxes paid.

c. In determining poverty status, family pre-tax, post-transfer money income under current policies is compared to the poverty guidelines.

d. Age 65 or older.

TABLE 5. ESTIMATED CHANGES IN POST-TAX, POST-TRANSFER FAMILY INCOME FOR FAMILIES WITH A NON-AGED FEMALE HEAD, DUE TO SOME OF THE ADMINISTRATION'S CHANGES IN THE PSE, AFDC, FOOD STAMP, SCHOOL LUNCH, AND FEDERAL INCOME TAX PROGRAMS, BY POVERTY STATUS, RACE OF HEAD, AND PRESENCE OF CHILDREN, FISCAL YEAR 1982[a]

	Number of Families (In thousands, as of fiscal year 1980)	Percent of Families with Income Losses of[b]		Percent of Families with	Percent of Families with Income Gains of		Percent Decline in Income for Families Losing More than 5 Percent of Income
		More than 5 Percent	Less than 5 Percent	No Change in Income	More than 5 Percent	Less than 5 Percent	
Families with a Nonaged[c] Female Head							
Below 50% of poverty[d]	831	4.3	56.1	38.8	0.3	0.5	e
50 to 99% of poverty	2,667	5.2	70.1	21.4	0.2	3.1	13
100 to 149% of poverty	2,261	11.7	40.1	19.6	0.3	28.3	15
White head and children							
Below 50% of poverty	199	5.7	63.3	31.0	0.0	0.0	e
50 to 99% of poverty	970	6.0	81.9	11.4	0.2	0.5	15
100 to 149% of poverty	746	18.4	49.5	14.3	0.8	17.0	15
Nonwhite head and children							
Below 50% of poverty	225	5.3	81.7	10.7	1.0	1.3	e
50 to 99% of poverty	677	10.3	79.0	7.8	0.5	2.4	11
100 to 149% of poverty	488	21.9	54.2	6.4	0.3	17.2	15
White head, without children							
Below 50% of poverty	326	3.8	36.6	59.2	0.0	0.4	e
50 to 99% of poverty	804	0.7	51.5	40.8	0.1	6.9	e
100 to 149% of poverty	852	1.9	22.9	31.2	0.0	44.0	e
Nonwhite head, without children							
Below 50% of Poverty	81	0.0	45.9	54.1	0.0	0.0	--
50 to 99% of Poverty	216	2.1	58.7	35.6	0.0	3.6	e
100 to 149% of Poverty	174	2.9	44.1	21.3	0.0	31.7	e

(Continued)

TABLE 5. Continued

SOURCE: CBO estimates derived using the March 1978 Current Population Survey, aged to represent fiscal year 1980, and corrected for underreporting of income. Estimates are preliminary and subject to change.

a. See Table 1 for a detailed list of the Administration's proposals that were simulated. A technical description of the simulation procedure is available upon request. Some PSE earners are assumed to acquire private- or public-sector jobs upon losing PSE, while others are assumed to receive unemployment insurance (UI). However, the increased UI eligibility that results solely from holding a PSE job has not been modeled. In modeling changes to the school lunch program, all schools were assumed to continue to provide free and reduced price lunches, despite reductions in federal subsidies.

b. Income includes money income and money transfers, plus the value of food stamp and child nutrition benefits, less federal income and Social Security taxes paid.

c. Under age 65.

d. In determining poverty status, family pre-tax, post-transfer money income under current policies is compared to the poverty guidelines.

e. Sample size too small to obtain reliable estimates.

TABLE 6. ESTIMATED CHANGES IN POST-TAX, POST-TRANSFER FAMILY INCOME FOR FAMILIES WITH A NON-AGED MALE HEAD, DUE TO SOME OF THE ADMINISTRATION'S CHANGES IN THE PSE, AFDC, FOOD STAMP, SCHOOL LUNCH, AND FEDERAL INCOME TAX PROGRAMS, BY POVERTY STATUS, RACE OF HEAD, AND PRESENCE OF CHILDREN, FISCAL YEAR 1982[a]

	Number of Families (In thousands, as of fiscal year 1980)	Percent of Families with Income Losses of[b]		Percent of Families with No Change in Income	Percent of Families with Income Gains of		Percent Decline in Income for Families Losing More than 5 Percent of Income
		More than 5 Percent	Less than 5 Percent		More than 5 Percent	Less than 5 Percent	
Families with a Nonaged[c] Male Head							
Below 50% of poverty[d]	575	5.8	48.1	45.8	0.0	0.3	e
50 to 99% of poverty	1,824	3.3	56.4	33.1	0.5	6.7	19
100 to 149% of poverty	3,063	3.6	36.5	15.8	0.2	43.9	17
White head and children							
Below 50% of poverty	201	4.3	64.6	30.4	0.0	0.7	e
50 to 99% of poverty	672	5.0	70.1	21.9	0.2	2.8	e
100 to 149% of poverty	1,478	4.8	43.7	9.4	0.2	41.9	13
Nonwhite head and children							
Below 50% of poverty	36	6.1	48.2	45.7	0.0	0.0	e
50 to 99% of poverty	186	7.3	70.7	19.7	0.9	1.4	e
100 to 149% of poverty	346	3.8	49.0	5.4	0.0	41.8	e
White head, without children							
Below 50% of poverty	263	5.3	40.0	54.6	0.0	0.1	e
50 to 99% of poverty	764	1.0	43.3	44.0	0.8	10.9	e
100 to 149% of poverty	1,055	1.5	24.0	28.1	0.1	46.3	e
Nonwhite head, without children							
Below 50% of poverty	75	11.2	32.5	56.3	0.0	0.0	e
50 to 99% of poverty	202	3.2	47.2	41.2	0.0	8.4	e
100 to 149% of poverty	184	5.1	27.6	16.6	1.5	49.2	e

(Continued)

TABLE 6. Continued

SOURCE: CBO estimates derived using the March 1978 Current Population Survey, aged to represent fiscal year 1980, and corrected for underreporting of income. Estimates are preliminary and subject to change.

a. See Table 1 for a detailed list of the Administration's proposals that were simulated. A technical description of the simulation procedure is available upon request. Some PSE earners are assumed to acquire private- or public-sector jobs upon losing PSE, while others are assumed to receive unemployment insurance (UI). However, the increased UI eligibility that results solely from holding a PSE job has not been modeled. In modeling changes to the school lunch program, all schools were assumed to continue to provide free and reduced price lunches, despite reductions in federal subsidies.

b. Income includes money income and money transfers, plus the value of food stamp and child nutrition benefits, less federal income and Social Security taxes paid.

c. Age 65 or older.

d. In determining poverty status, family pre-tax, post-transfer money income under current policies is compared to the poverty guidelines.

e. Sample size too small to obtain reliable estimates.

TABLE 7. ESTIMATED CHANGES IN POST-TAX, POST-TRANSFER FAMILY INCOME FOR FAMILIES RECEIVING AFDC SOMETIME DURING THE YEAR, DUE TO SOME OF THE ADMINISTRATION'S CHANGES IN THE PSE, AFDC, FOOD STAMP, SCHOOL LUNCH, AND FEDERAL INCOME TAX PROGRAMS, BY POVERTY STATUS AND WORK STATUS, FISCAL YEAR 1982[a]

	Number of Families (In thousands, as of fiscal year 1980)	Percent of Families with Income Losses of[b]		Percent of Families with	Percent of Families with Income Gains of		Percent Decline in Income for Families Losing More than 5 Percent of Income
		More than 5 Percent	Less than 5 Percent	No Change in Income	More than 5 Percent	Less than 5 Percent	
Families Receiving AFDC							
Sometime During the Year[c]	4,322	16.7	55.2	8.9	1.1	18.1	15
With some earnings	888	42.9	37.8	3.4	1.5	14.4	13
Without earnings	3,434	9.9	59.7	10.3	1.0	19.1	16

SOURCE: CBO estimates derived using the March 1978 Current Population Survey, aged to represent fiscal year 1980, and corrected for underreporting of income. Estimates are preliminary and subject to change.

a. See Table 1 for a detailed list of the Administration's proposals that were simulated. A technical description of the simulation procedure is available upon request. Some PSE earners are assumed to acquire private- or public-sector jobs upon losing PSE, while others are assumed to receive unemployment insurance (UI). However, the increased UI eligibility that results solely from holding a PSE job has not been modeled. In modeling changes to the school lunch program, all schools were assumed to continue to provide free and reduced price lunches, despite reductions in federal subsidies.

b. Income includes money income and money transfers, plus the value of food stamp and child nutrition benefits, less federal income and Social Security taxes paid.

c. Excludes families in which the head is aged 65 or older.

TABLE 8. POOR AND NEAR-POOR FAMILIES LOSING MORE THAN FIVE PERCENT OF SPENDABLE INCOME DUE TO SOME OF THE ADMINISTRATION'S CHANGES IN THE PSE, AFDC, FOOD STAMP, SCHOOL LUNCH, AND FEDERAL INCOME TAX PROGRAMS, BY AGE, SEX, AND RACE OF FAMILY HEAD, PRESENCE OF CHILDREN, AND REGION, FISCAL YEAR 1982[a]

	Total		Below 100 Percent of Poverty[b]		100 to 149 Percent of Poverty	
	Number of Families (in thousands, as of fiscal year 1980)	Percent of Total	Number of Families (in thousands, as of fiscal year 1980)	Percent of Total	Number of Families (in thousands, as of fiscal year 1980)	Percent of Total
All Families	649	100	270	100	379	100
Head age 65 or older	6	1	2	1	4	1
Head under age 65	643	99	268	99	375	99
Female head	442	68	175	65	267	70
Male head	207	32	95	35	112	30
White head	393	61	152	56	241	64
Nonwhite head	256	39	118	44	138	36
Without children	107	16	59	22	48	13
With children						
White female head	207	32	70	26	137	36
Nonwhite female head	190	29	83	31	107	28
Male head	145	22	58	21	87	23
Region[c]						
Northeast	132	20	30	11	102	27
North Central	164	25	56	21	109	29
South	249	38	151	56	98	26
West	104	16	33	12	71	19

NOTE: Columns may not add due to rounding.

(Continued)

TABLE 8. Continued

SOURCE: CBO estimates derived using the March 1978 Current Population Survey, aged to represent fiscal year 1980, and corrected for underreporting of income. Estimates are preliminary and subject to change.

a. See Table 1 for a detailed list of the Administration's proposals that were simulated. A technical description of the simulation procedure is available upon request. Some PSE earners are assumed to acquire private- or public-sector jobs upon losing PSE, while others are assumed to receive unemployment insurance (UI). However, the increased UI eligibility that results solely from holding a PSE job has not been modeled. In modeling changes to the school lunch program, all schools were assumed to continue to provide free and reduced price lunches, despite reductions in federal subsidies. Spendable income includes money income and money transfers, plus the value of food stamp and child nutrition benefits, less federal income and Social Security taxes paid.

b. In determining poverty status, family pre-tax, post-transfer money income under current policies is compared to the poverty guidelines.

c. Northeast: Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, Pennsylvania, New Jersey

North Central: Ohio, Michigan, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, Kansas, Nebraska, South Dakota, North Dakota

South: Maryland, Delaware, District of Columbia, West Virginia, Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Louisiana, Arkansas, Oklahoma, Texas

West: Montana, Wyoming, Colorado, New Mexico, Arizona, Utah, Idaho, Washington, Oregon, Nevada, California

TABLE 9. ESTIMATED CHANGES IN POST-TAX, POST-TRANSFER FAMILY INCOME FOR POOR AND NEAR-POOR FAMILIES DUE TO SOME OF THE ADMINISTRATION'S CHANGES IN THE PSE, AFDC, FOOD STAMP, SCHOOL LUNCH, AND FEDERAL INCOME TAX PROGRAMS, BY POVERTY STATUS AND REGION, FISCAL YEAR 1982[a]

	Number of Families (In thousands, as of fiscal year 1980)	Percent of Families with Income Losses of[b]		Percent of Families with No Change in Income	Percent of Families with Income Gains of		Percent Decline in Income for Families Losing More than 5 Percent of Income
		More than 5 Percent	Less than 5 Percent		More than 5 Percent	Less than 5 Percent	
Northeast[c]							
Less than 50% of poverty[d]	116	1.7	22.9	75.4	0.0	0.0	e
50 to 99% of poverty	1,313	2.1	71.3	24.7	0.3	1.6	e
100 to 149% of poverty	1,988	5.1	35.8	41.2	0.1	17.8	16
North Central							
Less than 50% of poverty	282	2.9	50.0	46.5	0.0	0.6	e
50 to 99% of poverty	1,530	3.1	65.8	28.0	0.0	3.1	14
100 to 149% of poverty	1,977	5.5	28.6	42.7	0.3	22.9	13
South							
Less than 50% of poverty	731	6.6	65.7	27.0	0.3	0.4	17
50 to 99% of poverty	2,470	4.2	69.4	22.7	0.1	3.6	14
100 to 149% of poverty	2,855	3.4	36.0	30.8	0.0	29.8	18
West							
Less than 50% of poverty	340	3.3	34.6	61.7	0.0	0.4	e
50 to 99% of poverty	1,116	2.0	56.0	36.6	0.8	4.6	e
100 to 149% of poverty	1,785	4.0	25.3	44.3	0.3	26.1	16

SOURCE: CBO estimates derived using the March 1978 Current Population Survey, aged to represent fiscal year 1980, and corrected for underreporting of income. Estimates are preliminary and subject to change.

a. See Table 1 for a detailed list of the Administration's proposals that were simulated. A technical description of the simulation procedure is available upon request. Some PSE earners are assumed to acquire private- or public-sector jobs upon losing PSE, while others are assumed to receive unemployment insurance (UI). However, the increased UI eligibility that results solely from holding a PSE job has not been modeled. In modeling changes to the school lunch program, all schools were assumed to continue to provide free and reduced price lunches, despite reductions in federal subsidies.

b. Income includes money income and money transfers, plus the value of food stamp and child nutrition benefits, less federal income and Social Security taxes paid.

c. Northeast: Maine, Vermont, New Hampshire, Massachusetts, Connecticut, Rhode Island, New York, Pennsylvania, New Jersey
North Central: Ohio, Michigan, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, Kansas, Nebraska, South Dakota, North Dakota
South: Maryland, Delaware, District of Columbia, West Virginia, Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Louisiana, Arkansas, Oklahoma, Texas
West: Montana, Wyoming, Colorado, New Mexico, Arizona, Utah, Idaho, Washington, Oregon, Nevada, California

d. In determining poverty status, family pre-tax, post-transfer money income under current policies is compared to the poverty guidelines.

e. Sample size too small to obtain reliable estimates.