

## **NEW HAMILTON LOW-INCOME FAMILY PAPERS—FOR RELEASE IN DECEMBER 2013**

America's low-income families face daunting economic challenges that have heightened in recent years. Rates of food insecurity rose over the course of the Great Recession, as many struggling middle-class families saw their incomes decline. Furthermore, as low-income families increase their work efforts, they face high marginal tax rates that make the climb to the middle class particularly challenging. On December 4th, The Hamilton Project will release two new discussion papers that offer innovative ideas for improving the economic security of low-income families in the United States. The Hamilton Project will also release a series of economic facts about America's struggling lower-middle class.

### **1. GIVING SECONDARY EARNERS A TAX BREAK: A PROPOSAL TO HELP LOW- AND MIDDLE-INCOME FAMILIES**

*Authors:* Melissa Kearney (University of Maryland) and Lesley Turner (University of Maryland)

The current structure of the tax and transfer system in the United States makes it particularly challenging for low-income married couples with children to work their way into the middle class. Specifically, the tax and transfer system has an inherent "secondary earner penalty," which discourages work efforts and reduces the return to work for spouses. For workers with young children, child-care costs associated with additional work efforts can drive the return to work is even lower. Estimates suggest that under the current federal tax and transfer system, and assuming standard child care costs, a family headed by a primary earner making \$25,000 a year will take home less than 30 percent of a spouse's earnings. The authors propose incremental tax reform that increases disposable income for affected families: a secondary earner deduction for low-to-moderate income families.

### **2. STRENGTHENING SNAP FOR A MORE FOOD-SECURE, HEALTHY AMERICA**

*Author:* Diane Whitmore Schanzenbach (Northwestern University)

The Supplemental Nutrition Assistance Program (SNAP)—formerly known as the Food Stamp Program—has become an increasingly important component of our nation's safety net. The program not only assists families during tough economic times, but it has lasting effects on the nutrition of economically disadvantaged children, which leads to economic benefits over their lifetimes. Given the importance of SNAP and its prominence in the political spotlight, this paper calls for a reformation of SNAP through a series of targeted reforms to the minimum spending target for food and the current benefit formula. Additionally, the proposal includes a subsidy for healthy food and a relaxation of time-limit waivers for childless adults. Together these reforms will improve nutrition among low-income families, and modernize SNAP to better reflect the time constraints that families face when employed.

### **3. A DOZEN FACTS ABOUT AMERICA'S STRUGGLING LOWER-MIDDLE CLASS**

*Authors:* The Hamilton Project Staff

The Hamilton Project produced a series of facts highlighting economic challenges faced by lower-middle-class families in the United States. These facts focus on families who are above the poverty line but economically insecure, relying on government transfers, facing high levels of anxiety about being able to feed their families, and facing extremely high marginal tax rates as they try to work themselves securely away from poverty. These facts set the stage for innovative policies that can address many of the barriers to economic security for struggling lower-middle class families.