Tax Credits and Public Assistance Included in CLIFF

We have provided a summary of each program included in the CLIFF tools below.

Tax Credits

Earned Income Tax Credit (EITC) Both federal and state EITC calculations are included in CLIFF. The Federal EITC is a benefit for working people with low to moderate income. Workers receive a credit equal to a percentage of their earned income up to a maximum. After the credit reaches the maximum, it remains flat until earnings reach the phaseout point. Both the credit rate and the credit maximum vary by family size. To qualify, workers must meet certain requirements and file a tax return, even if they do not owe any taxes or are not required to file. The Federal EITC is a refundable tax credit; it reduces the amount of tax owed and may result in a refund. The income eligibility threshold varies according to the number of dependents and tax filing status. Workers who do not claim eligible children must be at least age 25 but under age 65. If a worker is married filing a joint return, either the worker or spouse must meet this age requirement. Those who are married and filing separately are not eligible. In 2020, 28 states and the District of Columbia offered an additional State EITC. States typically set their credits as a percentage of the Federal EITC. However, unlike the federal credit, some state EITCs are not refundable.

Child Tax Credit (CTC) Both federal and state CTC calculations are included in CLIFF. The Federal CTC is a partially refundable tax credit available to parents with qualifying dependents under the age of 17. In 2020, a family that earned less than $2,500 was ineligible for the credit. Those with incomes above $480,000 ($280,000 for singles and household heads) receive no CTC. Working families can receive a refund equal to 15 percent of their earnings above $2,500. This refund can be worth up to $1,400 per child. Families can claim a maximum tax credit of $2,000. The Federal CTC starts to phase out at income levels of $400,000 ($200,000 for single or head-of-household filers). The America Rescue Plan significantly temporarily expanded the Federal CTC credit in multiple ways. See the Policy Rules Database Technical Manual for more information. As of 2021, six U.S. states—California, Colorado, Idaho, New York, North Carolina, and Oklahoma—have their own child tax credits. States' CTC are typically structured either as a lump-sum payment for each eligible child or as a fixed percent of the federal credit. New York has a combination of both approaches. Some states' CTCs are nonrefundable.

Federal Child and Dependent Care Tax Credit (CDCTC) The Federal CDCTC is a nonrefundable tax credit that reduces a taxpayer's federal income tax liability based on child- and dependent-care expenses incurred. Taxpayers must have earned income and meet a variety of eligibility criteria including incurring qualifying child- and dependent-care expenses for a qualifying individual. A qualifying individual for the Federal CDCTC is either (1) the taxpayer's dependent child under 13 years of age, or (2) the taxpayer's spouse or dependent who is incapable of caring for himself or herself. A taxpayer must have earned income to claim the credit. For married couples, both spouses must have earnings unless one is a student or incapable of self-care. There is no upper income eligibility threshold—taxpayers at all income levels can claim the Federal CDCTC. Many lower-income taxpayers receive little or no credit since the credit is nonrefundable. As of 2020, 28 states and the District of Columbia had enacted their own state CDCTCs, the structure of which varies significantly by state. Some states have set their credits as a share of the federal credit while other states calculate it as a share of expenses. In some states, the credit is fully refundable, while in others it is nonrefundable.

Public Assistance

Supplemental Nutrition Assistance Program (SNAP) This program is also known as food stamps and provides vouchers that can be exchanged for food. SNAP is available to individuals below state-specified income levels. Eligibility for SNAP depends on household income, housing expenses, and child care expenses. Some states also have asset tests. Note that the income eligibility rules described on the federal government's benefits website are not correct because they do not account for the fact that states sometimes use broad based categorical eligibility rules to extend eligibility beyond federal limits.

The Special Supplemental Nutrition Program for **Women, Infants, and Children (WIC)** provides supplemental foods, health care referrals, and nutrition education for low-income pregnant, breastfeeding, and non-breastfeeding postpartum women, and to infants and children up to age five who are found to be at nutritional risk.[1] WIC provides vouchers for specific types of foods — such as whole-grain bread, baby food, infant formula, and milk — as well as separate "cash value vouchers" that can be used to buy fruits and vegetables. WIC also provides infant formula to mothers who do not breastfeed. Note that only the value of food is estimated in CLIFF (not the other services provided). To be eligible for WIC, applicants must either have gross household income at or below 185 percent of the federal poverty level or be categorically eligible. An applicant who already receives SNAP (formerly food stamps), Medicaid, or Temporary Assistance for Needy Families cash assistance is categorically eligible for WIC. In addition to passing income tests, women are eligible while they are pregnant and for six months after the birth of the infant. Women who continue to breastfeed their infants beyond six months are eligible for WIC benefits for up to a year after childbirth. Children may be eligible up to their fifth birthday.[2]

National School Lunch Program (NSLP) provides free or reduced price school meals. The School Breakfast Program and National School Lunch Program are federally assisted meal programs operating in public and nonprofit private schools and residential child care institutions. They provide low-cost or no-cost breakfasts and lunches to children every school day. The maximum income for eligibility is 185 percent of the Federal Poverty Level. Children also gain categorical eligibility for free school lunch and breakfast if they are in a family that receives SNAP benefits or TANF cash assistance. In addition, all

[1] https://www.fns.usda.gov/wic

[2] https://www.benefits.gov/news/article/412

children at high-poverty schools, Community Eligible Provisions (CEP), designated by the U.S. The Department of Agriculture receives school meals at no charge. Note that CLIFF does not account for CEP schools when determining eligibility for SLP and NSLP.

Medicaid and **Children's Health Insurance Program (CHIP)** Medicaid provides health coverage to millions of Americans. Eligible recipients include low-income adults, children, pregnant women, elderly adults and people with disabilities. Medicaid is administered by states, according to federal requirements. The program is funded jointly by states and the federal government.
CHIP is a program administered by the United States Department of Health and Human Services. It provides matching funds to states for health insurance to families with children. It is designed to cover uninsured children in families with incomes that are modest but too high to qualify for Medicaid. CHIP is run by individual states that are given flexibility in designing their policies with broad federal guidelines. There are no work requirements for Medicaid.

Health Insurance Marketplace Subsidies/ACA Health insurance marketplace subsidies (also referred to as "ACA" in CLIFF) provide subsidies for health insurance for those with incomes between 100 percent and 400 percent of the Federal Poverty Level. People pay a portion of their income toward health insurance. The amount of the individual responsibility portion varies by income level, age, and family size. The difference between the individual responsibility portion and the full cost of health insurance purchased on the health exchange is the estimated value of the program.

Head Start and Early Head Start. Children from birth to age five and pregnant women from families with incomes below the poverty guidelines are eligible for Head Start and Early Head Start services. Children younger than three are eligible for Early Head Start, and children at least three years old up to school age (typically five years in most states) are eligible for Head Start. Children from families receiving Temporary Assistance for Needy Families (TANF) or SSI are categorically eligible.[3] Children who are homeless or in foster care are eligible as well. Additionally, programs are allowed to enroll families whose incomes are below 130 percent of the poverty line, although the enrollment of these families are capped at 35 percent of participants.[4]

Child Care Development Fund (CCDF) Subsidies are funded by the child care development fund grant (CCDF). This program has a different name and different eligibility rules in each state. The Subsidized Child Care program provides subsidized daycare services to families below state-specified income levels. In almost all states, there is a different income threshold for initial enrollment and continuous enrollment. This lets families stay on the program as their income increases beyond the initial enrollment income threshold. Families pay a copay based on a sliding scale fee schedule, which varies at the county or state level. Note that Subsidized Child Care programs have a waitlist in many cities.

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[3] https://www.federalregister.gov/documents/2015/02/10/2015-02491/head-start-program

[4] https://eclkc.ohs.acf.hhs.gov/policy/45-cfr-chap-xiii/1302-12-determining-verifying-documenting-eligibility and https://www.govinfo.gov/app/details/CFR-2010-title45-vol4/CFR-2010-title45-vol4-part1305/summary

The Housing Choice Voucher Program (Section 8) provides vouchers which reduce the cost of rent. The voucher is paid to the landlord directly by the local public housing agency on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. To be income-eligible, a family must have adjusted income below 80 percent of the median income for the county or metropolitan area where the family lives. Adjusted income reduces a family's gross income by (1) dependent deduction, (2) elderly/disabled deduction, (3) unreimbursed medical expenses of any elderly family or disabled family, and (4) any reasonable child care expenses necessary to enable a member of the family to work or to further his or her education. The family is "continuously assisted" under the 1937 Housing Act, meaning the family is already receiving assistance under any 1937 Housing Act program—for example, public housing—when the family is admitted to the voucher program. Once admitted to the program, the family does not undergo any further income eligibility tests. Note that the Section 8 Housing Voucher program has a waitlist in many cities.

Programs not included in the CLIFF Planner. The following programs are not currently included: Temporary Assistance for Needy Families (TANF) for most states, Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), Medicare, Voluntary Prekindergarten (VPK) programs with income eligibility rules, Child Care Subsidy (CCDF) for most states, city-funded programs, and programs available to specific populations (such as Veterans).