



Institute for
Research on
Poverty

UNIVERSITY OF WISCONSIN-MADISON

Call for Applicants

IRP EXTRAMURAL LARGE GRANT

Poverty and Economic Mobility Research

January 13, 2025

Welcome



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Agenda

- Overview of IRP
- Overview of Office of the Assistant Secretary for Planning and Evaluation (ASPE), and Office of Human Services Policy (HSP)
- 2025-2026 Focal Area
- Logistics of the application process
- Application resources
- Q & A
- Wrap Up and Closing

Institute for Research on Poverty

- Located within the University of Wisconsin-Madison
- <https://www.irp.wisc.edu/>
- Over 300+ on and off-campus affiliates
- National Research Center on Poverty and Economic Mobility
- Leads the Collaborative of Poverty Centers

Grant Overview

- Ph.D. holding scholars at all levels associated with a university (either domestic or foreign) other than UW-Madison
- Fund research on Poverty and Economic Mobility and Effective Marginal Tax Rates and Benefit Cliffs

Policy-Relevant Research

- informs local, state, or federal law, regulation, procedure, administrative action, or program adoption and implementation in a way that is targeted, timely, and actionable
- inform knowledge and understanding of the nature, causes, correlates, and effects of benefit cliffs with the goal of improving the effectiveness of public policies

Welcome



NINA CHIEN
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POLICY

Office of the Assistant Secretary for Planning and Evaluation

- ASPE is the principal advisor to the Secretary of the U.S. Department of Health and Human Services on policy development.
- Responsible for major activities in policy coordination, strategic planning, policy research, evaluation, and economic analysis.

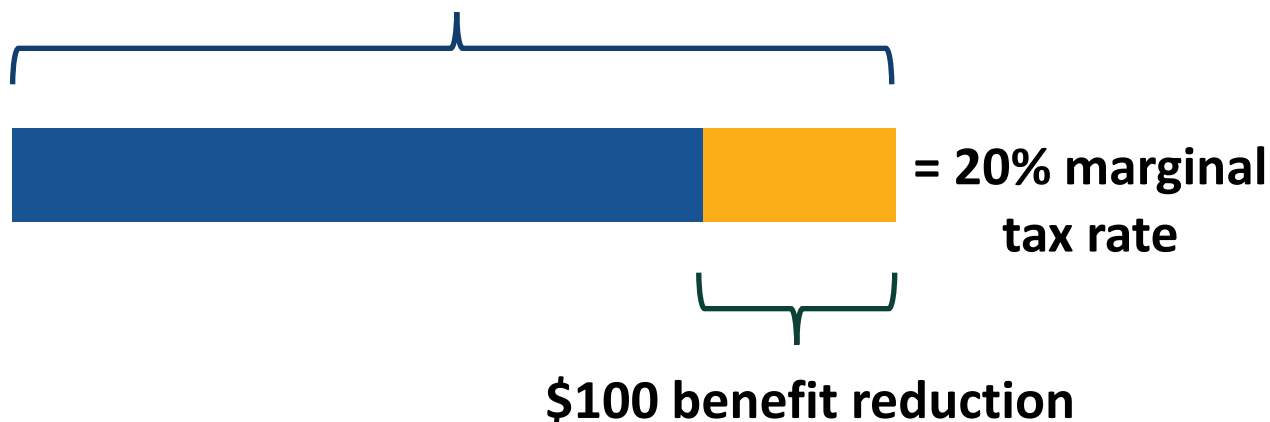
Office of Human Services Policy (ASPE/HSP)

- Within ASPE, HSP conducts policy research, analysis, evaluation, and coordination on various issues across the Department.
- Focused on human services programs and their ability to promote economic and social well-being.
- To learn more about HSP and the work they do, check out [this video](#).

Focal Theme: Effective Marginal Tax Rates / Benefit Cliffs

Effective marginal tax rates are the portion of new earnings not retained because of increased tax liability and reductions in program benefits.

\$500 earnings increase

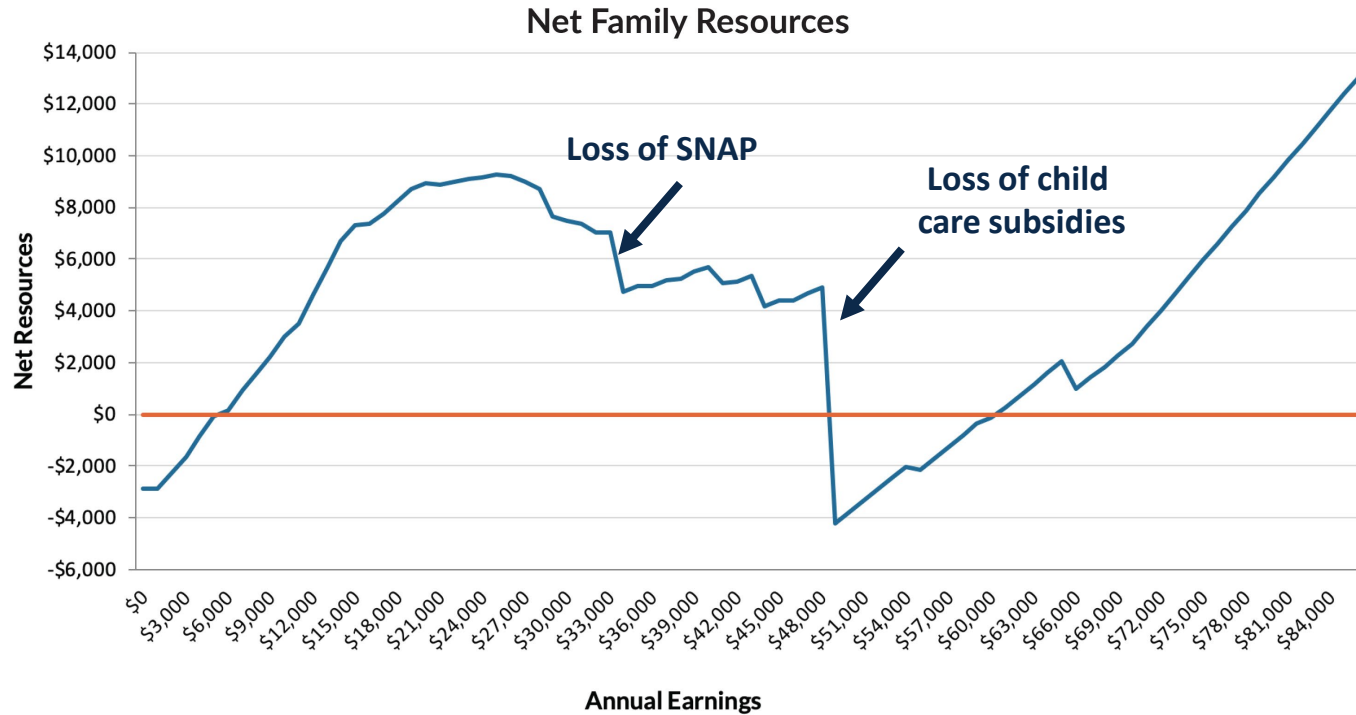


A **benefit cliff** is a special case of effective marginal tax rates (>100%), but also used to refer to high EMTRs



Benefit cliffs can occur from the sudden loss of a single program

How benefit cliffs can impact one family



Source: Koball, Hartig, Setty (2021). Addressing Benefit Cliffs with the Family Resource Simulator

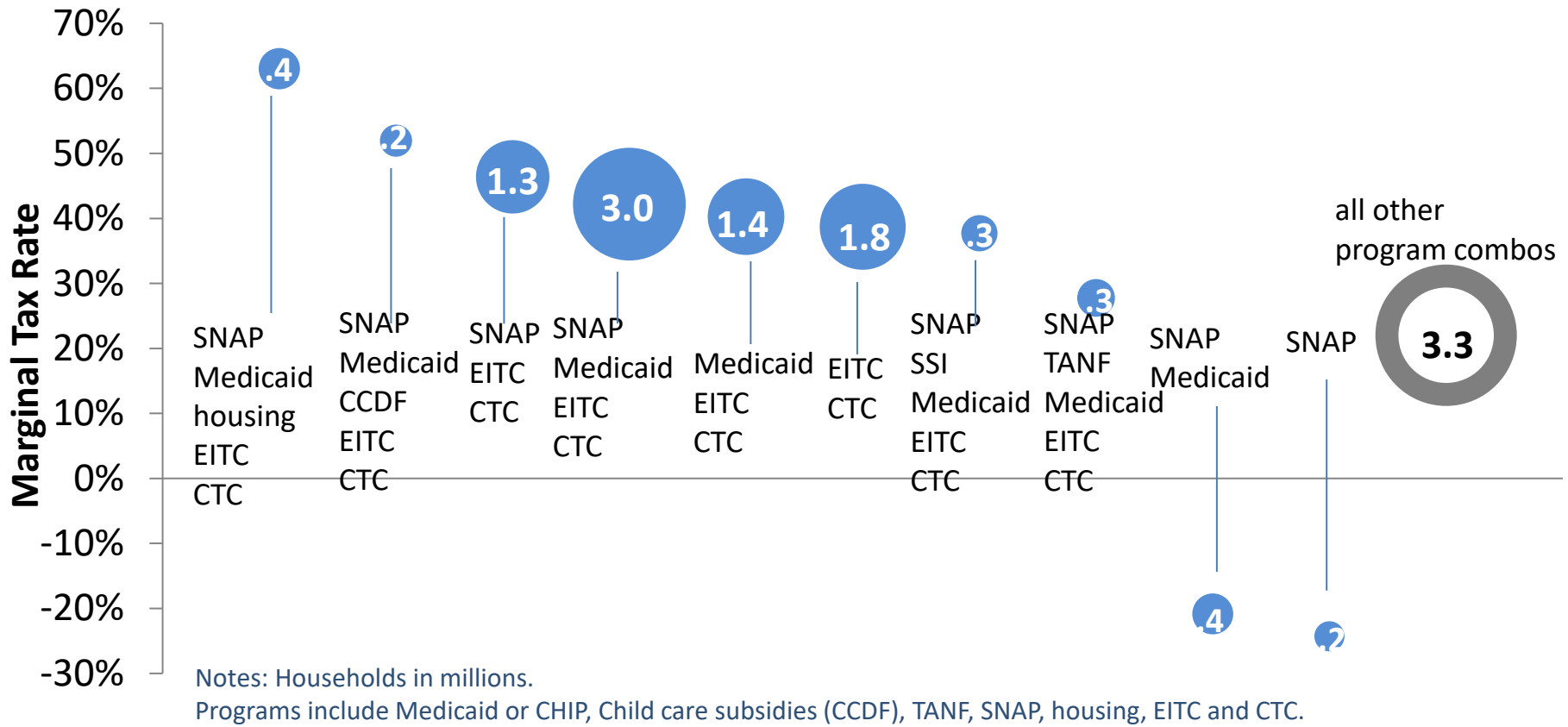


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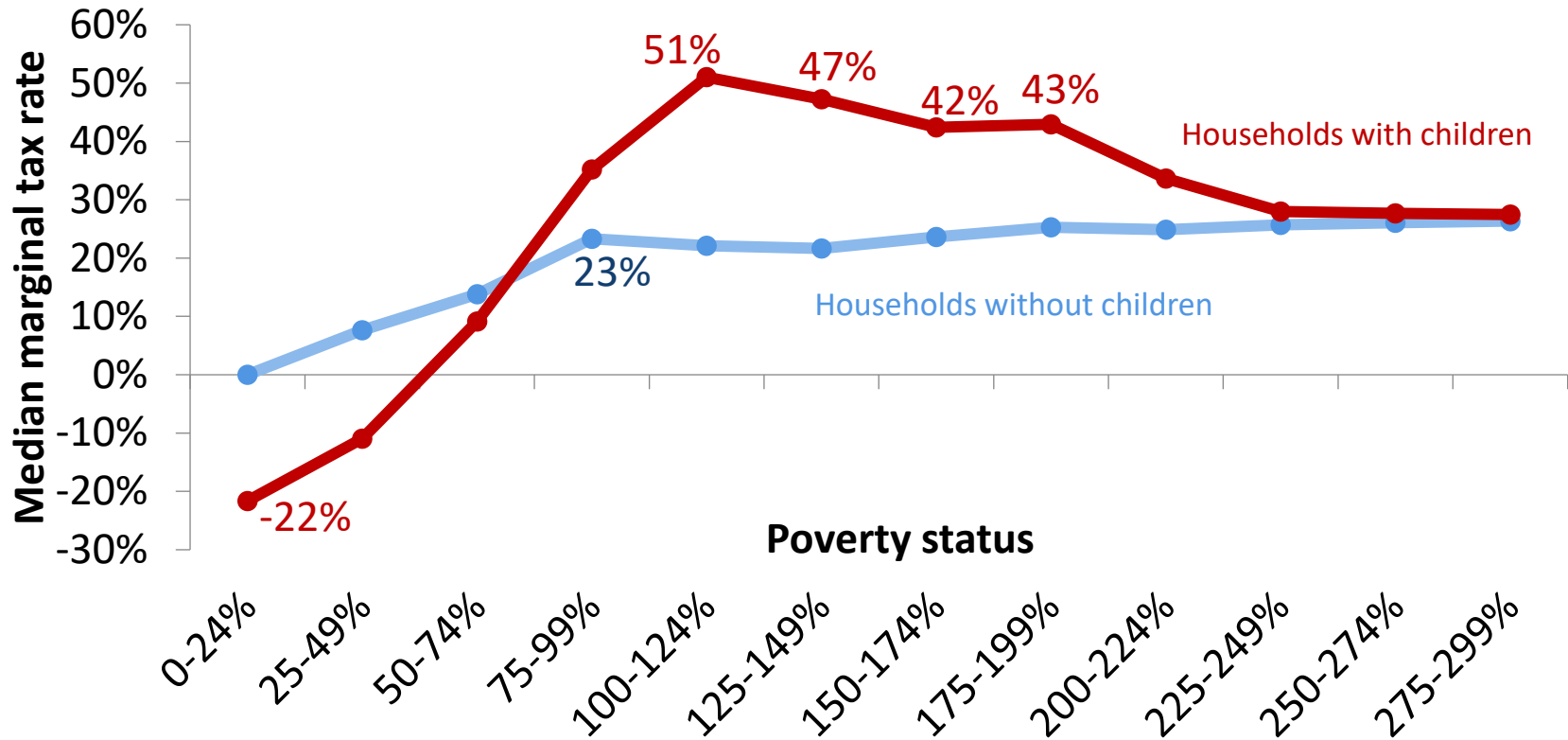
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...or from losing two (or more!) programs for the same earnings increase

Households with children below 200% poverty: Median effective marginal tax rate with \$2000 annual earnings increase, 10 most common program combinations



Households with children with incomes between 100 to 200% poverty faced high marginal tax rates (ASPE Study #1)

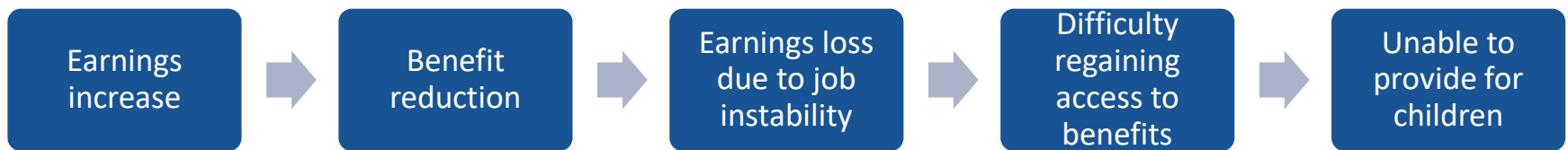


Link to report: <https://aspe.hhs.gov/sites/default/files/private/aspe-files/260661/brief2-overviewmtranalyses.pdf>

Focus Groups of Workers with Children (ASPE Study #2)

- Take-aways:

- Parents were keenly aware and “scared” about benefit cliffs
- Parents “don’t really know” amount of earnings increase that would trigger a benefit cliff
- Earnings increase is perceived as a risk (which some nonetheless take)



- Details:

- 9 focus groups in Virginia, Ohio, and California
- 44 participants
- Focus: CCDF, TANF, rental assistance, EITC, Medicaid, and SNAP

Link to report: <https://aspe.hhs.gov/safety-net-programs-marginal-tax-rates>



Understand how families weigh risk in a decision about increasing earnings (ASPE Study #3)

What is the impact of each of the following on the decision to accept (or decline) a higher-paying job?

1. Amount of benefit loss relative to earnings increase
2. Difficulty of reinstating lost benefits (if needed again at a later time due to earnings loss)
3. Stability of the new job opportunity



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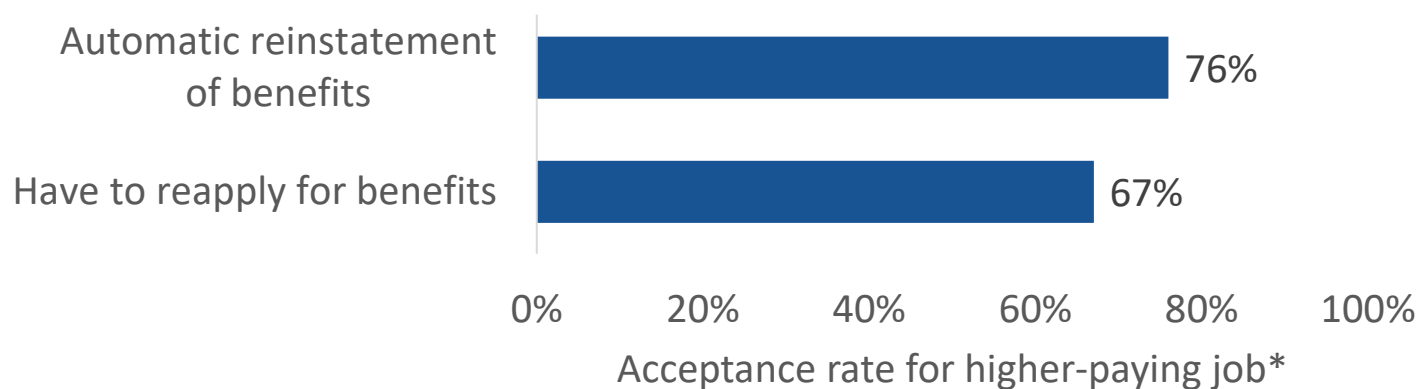
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Discrete Choice Experiment (ASPE Study #3)

- Study participants were presented with vignettes describing a person who has been offered a higher-paying job or position
- Participants were asked whether the person in the vignette **should or should not** accept the higher-paying job
- Participants were current or former recipients of at least one of the following:
 - Medicaid
 - Supplemental Nutrition Assistance Program (SNAP)
 - Temporary Assistance for Needy Families (TANF)
 - Child Care and Development Fund (CCDF) subsidies



Respondents were more likely to accept a higher-paying job (and lose their benefits) when *benefit reinstatement would be automatic* (ASPE Study #3)



*For ease of exposition, we describe the respondents as accepting an opportunity when they recommend that the fictional character accept it.

Link to report: <https://aspe.hhs.gov/economic-risk>



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Potential research topics (not limited to these!):

1. Benefit-cost analysis of policy alternatives that reduce effective marginal tax rates
2. People's views/perspectives about the trade-offs between a larger initial benefit, versus a smaller initial benefit
3. Scalable policies to reduce high effective marginal tax rates
4. Relationships between effective marginal tax rates and observable indicators of well-being
5. Understanding people's perspectives and views on benefit loss and benefit reductions across different benefit types
6. Understanding the relationship and interaction between minimum wage and benefit cliffs



Helpful Resources

- Federal Reserve Bank of Atlanta Policy Rules Database
 - Dashboard can be used to visualize how benefits change with income increases and does so at the county level (https://emar-data-tools.shinyapps.io/prd_dashboard/)
- Policy Engine
 - Online tool that calculates benefits, effective marginal tax rates, and cliffs under current law and policy alternatives, at household and national levels (<https://policyengine.org/>)
- ASPE's research on benefit cliffs and effective marginal tax rates
 - <https://aspe.hhs.gov/topics/poverty-economic-mobility/marginal-tax-rate-series>



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Logistics of the Application Process

Funding:

- Up to 3 projects awarded funding of up to \$50,000 each
- Funding includes indirect costs
- The grant contract period is flexible, depending on scope of the project but cannot extend beyond September 29, 2026

Grant Activities

- Meet with IRP within first 6 weeks of the grant
- Submit quarterly progress reports
- Submit draft paper 3 months before the end of the grant period
- Meet with IRP within 2 weeks of submitting draft
- Submit revised final draft of paper by end of grant period
- Submit a final paper for academic publication within 9 months

Two-Stage Application Process

- Stage 1: submit online letter of interest by February 7, 2025
 - IRP will provide feedback to applicants by early March
- Stage 2: Invited applicants to submit online full proposal by April 4, 2025

Q & A

Questions?

Wrap up & closing

Thank you!