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Progressive Tax and Other Policies to Address Inequity

Economic inequality is prevalent in all 50 states and has been increasing over time. Between 1990 and 2018 the income gap between the top and bottom earners rose by approximately 40% nationally.[1] In 2018 the top 1% in the United States made 26.3 times more income than the bottom 99%, averaging $1,316,985 annual income versus $50,107. This means that the top 1% of the nation makes 21% of the income of the entire United States.[2] This widening gap can lead to a series of issues that may result in a decrease in economic growth, political polarization, and disconnect between social groups within a nation.[3] Wealth inequality shows similar statistics, with the top 10% of the nation holding 67% of total household wealth.[4]

Lower income individuals and families face a disproportionate tax burden in most states.[5] In 42 states, the bottom 20% are being taxed higher proportionately than the top 1%.[6] In 35 of these states, the bottom 20% were taxed at a higher proportion than any other group.[7] An analysis done by the Institution on Taxation and Economic Policy (ITEP) found that in 41 states, the top 1% were taxed at the lowest level out of the seven groups studied.

The aim of this report is to look at different forms of policies meant to address economic inequality. We have gathered information on regressive vs. progressive tax systems, affordable housing, healthcare, and progressive programs pertaining to them across the 50 states. In addition, we ran a multivariate analysis regressing the GINI coefficient (a measure of income inequality) on three key redistributive policies—a SNAP Generosity Index, TANF Generosity

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[1] Julianna Menasce Horowitz, Ruth Igielnik, and Rakesh Kochhar, "Most Americans Say There Is Too Much Economic Inequality in the U.S., but Fewer Than Half Call it a Top Priority," *Pew Research Center,* (2020), https://www.pewresearch.org/social-trends/2020/01/09/most-americans-say-there-is-too-much-economic-inequality-in-the-u-s-but-fewer-than-half-call-it-a-top-priority/.

[2] Economic Policy Institute, "Income inequality in the United States," accessed October 15, 2024, Interactive: The Unequal States of America | Economic Policy Institute (epi.org).

[3] International Monetary Fund, "Income Inequality Introduction to Inequality," accessed October 15, 2024, https://www.imf.org/en/Topics/Inequality.

[4] Ana Hernandez Kent and Lowell R. Ricketts, "The State of US Wealth Inequality," *Federal Reserve Bank of St. Louis,* accessed November 20, 2024, https://www.stlouisfed.org/institute-for-economic-equity/the-state-of-us-wealth-inequality.

[5] Carl Davis, et al, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States,* Institution on Taxation and Economic Policy, 2024, https://itep.org/whopays-7th-edition/.

[6] Davis, et al, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States.*

[7] Davis, et al, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States.*

Index, and the ITEP Tax Inequality Index—for each state, to see which policy has the strongest correlation with increased income equality within a state.

Regressive Versus Progressive Tax Systems and their Impacts

Progressive taxation is a system where the tax rate increases as taxpayers' incomes increase. This kind of tax policy aims to reduce income inequality across populations.[8] A study examining tax progressivity and inequality across nations found a statistically significant and robust negative relationship between tax progressivity and income inequality.[9] Another study by Duncan and Peter analyzed the effect structural progressivity of tax systems have on observed and actual income inequality across 165 countries from 1982 to 2005. In this study, observed inequality is measured by net income while actual inequality is approximated by the Gini coefficient. Duncan and Peter find that progressive personal income taxes reduce observed inequality. Additionally, they find that the negative effect on inequality becomes stronger in countries with developed democratic intuitions. The negative effect becomes smaller when looking at actual inequality.[10]

To compare the progressivity of tax systems throughout the United States, we use ITEP Tax Inequality Index. ITEP claims to be a non-partisan organization, and their data is widely used, including by the Vermont General Assembly.

A negative Tax Inequality Index score indicates a regressive tax system, one that taxes income of lower-income groups at a higher percentage than high-income groups; a positive score indicates a progressive tax system. In the United States, 44 out of 50 states have a negative Tax Inequality Index score. Six states plus Washington D.C. have a positive Tax Inequality Index score, indicating a progressive tax structure. ITEP does state that regressive tax effects are still observed in these states.[11]

10 states with the most regressive tax systems according to ITEP.

- Arkansas,
- Florida,
- Illinois,
- Louisiana,
- Nevada,
- Pennsylvania,
- South Dakota,
- Tennessee,
- Texas, and

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[8] Siddhartha Biswas, Indraneel Chakraborty, and Rong Hai, "Income Inequality, Tax Policy, and Economic Growth," *The Economic Journal*, 127 (2017): 688-727, https://dx.doi.org/10.2139/ssrn.2595524.
[9] Ulrich Eydam and Hannes Qualo, "Income Inequality and Taxes – an Empirical Assessment," *Applied Economics Letters,* 31(2023): 1828-1835, https://doi.org/10.1080/13504851.2023.2208328.
[10] Denvil Duncan and Klara Sabirianova Peter, "Unequal Inequalities: Do Progressive Taxes Reduce Income Inequality?" *International Tax and Public Finance,* 23 (2016): 762-783, https://doi.org/10.1007/s10797-016-9412-5.
[11] Davis, et al, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States.*

- Washington.[12]

ITEP argues that certain shared tax policies contribute to making these states particularly regressive. For example, Florida, Nevada, Washington, South Dakota, Tennessee, and Texas all lack personal income taxes.[13] This is an increasingly popular trend, especially after the COVID-19 pandemic. When a state cuts the personal income tax, it eliminates a top revenue stream which can increase regressivity of the states' tax system.[14] ITEP also argues that when a state eliminates its income tax, it becomes more difficult to counteract the regressive impacts of property and consumption taxes.[15]

The Organization for Economic Co-operation (OECD) and Development finds that there is significant variation in the progressivity of the personal income tax among OECD countries. Though, they find that the personal income tax is the most progressive form of taxation. Additionally, OECD finds that consumption taxes are regressive in most OECD countries.[16] In the United States specifically, sales and excise taxes levied by individual states are highly regressive. OECD claims that using annual income data may exaggerate the regressive nature of consumption taxes.[17]

Pennsylvania and Illinois, two of the states with the most regressive tax systems, impose a personal income tax using a flat rate. This means that the wealthiest residents are taxed at the same rate as the lowest-income residents.[18] Furthermore, eight of the most regressive tax systems have a heavy reliance on sales and excise taxes. ITEP argues that since sales taxes are based on consumer spending rather than the ability to pay, dependence on sales and excise taxes increased economic and racial inequality in these states.[19] According to the National Conference of State Legislators, some economists argue that sales taxes are "less economically distortive and more conducive to economic growth." However, state sales taxes have not been able to keep pace with modern economic changes, making reliance on them unsustainable.[20]

California, Maine, Minnesota, New Jersey, New York, Vermont, and Washington D.C**.** are considered to have progressive taxation systems, according to ITEP's Tax Inequality Index.[21] As with the most regressive states, ITEP argues that there are certain taxation policies shared by the more progressive states that make them more equitable. The seven most progressive systems all have highly graduated income tax brackets.[22] Unlike flat rates used in regressive systems,

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[12] Davis, et al, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States.*
[13] Davis, et al, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States.*
[14] Jackson Brainerd, "Examining State Sales Tax," *National Conference of State Legislatures,* October 7, 2022, https://www.ncsl.org/fiscal/examining-state-sales-taxes.
[15] Davis, et al, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States.*
[16] Isabelle Joumard, Mauro Pisu, and Debbie Bloch, "Tackling Income Inequality: The Role of Taxes and Transfers," *OECD Journal: Economic Studies,* (2012): 37-70, https://doi.org/10.1787/eco_studies-2012-5k95xd6l65lt.
[17] Joumard, Pisu, and Bloch, "Tackling Income Inequality: The Role of Taxes and Transfers".
[18] Davis, et al, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States.*
[19] Davis, et al, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States.*
[20] Brainerd, "Examining State Sales Tax," *National Conference of State Legislatures.*
[21] Davis, et al, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States.*
[22] Davis, et al, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States.*

graduated rates intend to levy higher rates on higher-income residents.[23] These progressive tax systems also offer refundable Earned Income Tax Credits (EITC) and Child Tax Credits. EITC is a federal tax credit offered to low- or moderate-income households and can be used to reduce owed taxes while boosting incomes of those that qualify.[24] EITC found in these states are directly modeled on federal EITC.[25] In studying the relationship between EITC and after-tax income inequality between 1980 and 2020, Hardy, Hokayem, and Ziliak find that EITC has decreased overall inequality in the United States by 5-10% in a given year.[26] Child Tax Credits help families with qualifying children receive tax breaks. These tax breaks can help residents maintain economic stability.[27] The United States Census Bureau reported that expansions to the Child Tax Credit in response to the COVID-19 pandemic contributed to a 46% decrease in child poverty as of 2022.[28] In 2021, 5.3 million people, including 2.9 million children, exited the poverty threshold from the Child Tax Credit expansion.[29]

The State of Vermont's taxation system ranks 49th on ITEP's Tax Inequality Index, following Minnesota and the District of Colombia. When looking at the tax features that drive data in Vermont, ITEP notes that the only regressive feature of Vermont's tax system is that it provides a capital gains tax preference.[30] Comparatively, Minnesota's regressive features include that the state's real estate transfer tax does not include a higher rate on high-value sales and the state does not offer itemized deductions.[31] Washington D.C.'s regressive features include that they have a comparatively high reliance on property taxes and the state has no Child Tax Credit.[32]

Progressive Policy Examples Addressing Affordable Housing

The U.S. Department of Housing and Urban Development (HUD) defines a cost burdened household as one that spends more than 30% of its income on housing costs. The U.S. Census Bureau estimates that over 21 million renter households were cost burdened in 2023, according

[23] Tax Foundation, "Graduated Rate Income Tax", accessed October 14, 2024, https://taxfoundation.org/taxedu/glossary/graduated-rate-income-tax/.
[24] Internal Revenue Service, "Earned Income Tax Credit (EITC)", accessed September 30, 2024, https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit-eitc.
[25] Center on Budget and Policy Priorities, "Policy Basics: State Earned Income Tax Credits", accessed October 13, 2021, https://www.cbpp.org/research/policy-basics-state-earned-income-tax-credits; International Revenue Service, "Earned Income Tax Credit (EITC)".
[26] Bradley Hardy, Charles Hokayem, and James P. Ziliak, "Income Inequality, Race, and the EITC," *National Tax Journal,* 75(2022): 150-167, https://www.journals.uchicago.edu/doi/pdf/10.1086/717959.
[27] Internal Revenue Service, "Child Tax Credit", accessed October 3, 2024, https://www.irs.gov/credits-deductions/individuals/child-tax-credit.
[28] Kalee Burns, Liana Fox, and Danielle Wilson, "Expansions to Child Tax Credit Contributed to 46% Decline in Child Poverty Since 2020," *United States Census Bureau,* September 13, 2022, https://www.census.gov/library/stories/2022/09/record-drop-in-child-poverty.html.
[29] Burns, Fox, and Wilson, "Expansions to Child Tax Credit Contributed to 46% Decline in Child Poverty Since 2020".
[30] Davis, et al, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States.*
[31] Davis, et al, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States.*
[32] Davis, et al, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States.*

to the HUD benchmark.[33] This burden limits the amount of income available to spend on other necessary expenses. Low-income households are disproportionately impacted by this issue with there being 36 affordable homes for every 100 low-income households amounting to a shortage of seven million homes across the country.[34]

Lack of affordable housing increases vulnerability to mental and physical health issues, communicable and non-communicable diseases, reproductive challenges, and physical injury. The link between housing and health is well-studied and has a disproportionate impact on low-income, Black, Native American, and Latin American households who are increasingly burdened by unaffordable rent and inadequate housing conditions.[35] Housing has accounted for an estimated one fifth of the United States' GDP, a measure that has stayed consistent since the 1950s.[36] Housing also generates employment through construction and development, income, and tax revenue; factors that help sustain local and state economies as well as the national economy.[37] Below is an overview of common housing policies and, where data is available, their impact on the affordability of housing in several metropolises and states.

Freeman and Schuetz defined two categories of affordable housing policies: approaches that involve regulatory policies, such as zoning, and approaches that seek to increase access to affordable housing through funding, subsidizing, and incentivizing. Additionally, states have access to federal resources like tax credits and housing vouchers.[38]

Inclusionary Zoning (IZ) requires developers to reserve a percentage of units to be rented or sold or rented at below-market rates. There is no comprehensive overview of IZ policies, but they are widely adopted across the United States.[39] In New England, localities in all six states—Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont—have adopted IZ policies.[40] IZ programs can either be mandatory or voluntary, with mandatory programs tending to produce more affordable housing than voluntary programs.[41] Most IZ programs found in Connecticut, Massachusetts, and Rhode Island are mandatory and research suggests that 29% of cities and towns in these states that have met their affordable housing goals

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[33] U.S. Census Bureau, *Nearly Half of Renter Households Are Cost-Burdened, Proportions Differ By Race,* September 2024, https://www.census.gov/newsroom/press-releases/2024/renter-households-cost-burdened-race.html.

[34] Jennifer Horton, "State Approaches to Address Homelessness and Increase Affordable Housing", *The Council of State Governments,* February 7, 2023, https://www.csg.org/2023/02/07/state-approaches-to-address-homelessness-and-increase-affordable-housing/.

[35] Diana Hernández, PhD, and Carolyn B. Swope, MPH, "Housing as a Platform for Health and Equity: Evidence and Future Directions", *Perspectives From the Social Sciences,* 109 (October 2019): 1363-1366, https://pmc.ncbi.nlm.nih.gov/articles/PMC6727307/pdf/AJPH.2019.305210.pdf.

[36] Alex F. Schwartz, *Housing Policy in the United States*, (Routledge, 2021), 3-4.

[37] Schwartz, *Housing Policy in the United States*.

[38] Lance Freeman and Jenny Schuetz, "Producing Affordable Housing in Rising Markets: What Works?", *Cityscape*, 19 (2017): 217-236, https://www.jstor.org/stable/pdf/26328307.pdf?refreqid=fastly-default%3A277f0418863e9e2e6726d5cc580ba28d&ab_segments=&initiator=&acceptTC=1.

[39] Freeman and Schuetz, "Producing Affordable Housing in Rising Markets: What Works?".

[40] Dixi Wu, "Inclusionary and Incentive Zoning in the Six New England States," Harvard University Joint Center for Housing Studies, accessed November 2, 2024, https://www.jchs.harvard.edu/blog/inclusionary-and-incentive-zoning-six-new-england-states.

[41] Freeman and Schuetz, "Producing Affordable Housing in Rising Markets: What Works?".

have adopted mandatory IZ. Maine and Vermont, as of 2021, have one and two IZ programs respectively, and all programs are mandatory. Eighty-nine percent of New Hampshire's IZ programs are incentive based. Assessment of the efficacy of these programs—whether mandatory or incentive based—proves to be difficult as there are no statewide databases that provide these figures.[42] Freeman and Schulz find that in regions where IZ policies are popular, there is a wide variation of affordable housing production, but across all areas only a modest supply of affordable housing has been maintained or created. [43]

Following are other examples of state policies that address regulatory or zoning restrictions limiting affordable housing. As of August 2024, fourteen states have passed laws reversing regulatory policies regarding Accessory Dwelling Units (ADUs), such as backyard stand-alone houses, basement apartments, or garage or shed conversions.[44] For example, Florida Statute 163.31771, implemented in 2021, has allowed localities experiencing a shortage of affordable housing to develop ADUs to increase access to affordable housing for low-income households and individuals.[45] Policymakers across states are also limiting parking mandates, as parking spaces often occupy viable land that could be used for housing.[46] Colorado House Bill 1304, enacted in June 2022, prohibits local governments from enforcing a parking minimum requirement for new multifamily developments staring in 2025.[47]

Massachusetts State Statute 40B allows localities where less than 10% of the total housing stock is affordable to bypass existing regulations, streamlining the permitting process for housing developments.[48] The statute has been in place since 1969 and has permitted an estimated total of 70,000 housing units of which 18,000 are considered affordable.[49] Massachusetts's 40B has been used as model for other states to implement similar policies, including Connecticut, Illinois, New Hampshire, and Rhode Island.[50] In studying the extent to which Massachusetts's 40B increases the affordable housing supply in more affluent neighborhoods, Sportiche et al. finds that the

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[42] Wu, "Inclusionary and Incentive Zoning in the Six New England States".
[43] Freeman and Schuetz, "Producing Affordable Housing in Rising Markets: What Works?".
[44] Salim Furth, Emily Hamilton, and Charles Gardener, "Housing Reform in the States: A Menu of Options for 2025", *Mercatus Center at George Mason University,* (2024), https://www.mercatus.org/research/policy-briefs/housing-reform-options-2025.
[45] Horton, "State Approaches to Address Homelessness and Increase Affordable Housing"; State of Florida, "Accessory Dwelling Units," F.R.S § 163.31771 (2018), accessed October 28, 2-2024, http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=0100-0199/0163/Sections/0163.31771.html.
[46] Furth, Hamilton, and Gardener, "Housing Reform in the States: A Menu of Options for 2025".
[47] General Assembly of Colorado, HB 1304, 2024, https://leg.colorado.gov/sites/default/files/2024a_1304_signed.pdf.
[48] Commonwealth of Massachusetts, "Regional Planning," Mass. Gen. Laws Chapter 40B, (1969), https://malegislature.gov/Laws/GeneralLaws/PartI/TitleVII/Chapter40B.
[49] Noémie Sportiche, Hector Blanco, Madeleine I. G. Daepp, Erin Graves and David Cutler, "Can Fair Share Policies Expand Neighborhood Choice? Evidence From Bypassing Exclusionary Zoning Under Massachusetts Chapter 40B" *Housing Policy Debate,* (2024): 1-30, https://doi.org/10.1080/10511482.2024.2320131.
[50] Sportiche, Blanco, Daepp, Graves and Cutler, "Can Fair Share Policies Expand Neighborhood Choice? Evidence From Bypassing Exclusionary Zoning Under Massachusetts Chapter 40B".

policy is effective in developing affordable housing in neighborhoods where this was previously accessible.[51]

A final example of states exercising power to constrain regulatory policies is the State Affordable Housing Appeals System (SAHAS) which allows developers of affordable housing projects at below market rates to request overrides of local land-use regulations. A SAHAS serves as an alternative to local government in regulation, allowing developers to challenge land-use regulations.[52] There are four states that have adopted a SAHAS: Connecticut, Massachusetts, New Jersey, and Rhode Island. The SAHAS in Massachusetts has been effective in allowing low-income households access to middle-income and low-poverty areas. Marantz and Zheng find that several features of the Massachusetts SAHAS contribute to its efficacy, including the clarity of the states' fair share standard (40B) and that local comprehensive permit decisions are reviewed by state-level administration rather than the judiciary. The authors note that a SAHAS is most effective in previously strong housing markets.[53]

The California Family Home Construction and Homeownership Act of 2023 is an example of a policy seeking to fund affordable housing. This act has created a $25 million fund to assist homeowners with closing costs and down payments.[54] Iowa House File 772 (2019),[55] an amendment to the workforce housing tax incentive program, allocated $10 million to development in localities where residents are deemed eligible for federal individual assistance.[56] Other than budget allocation, funding can be accessed through tax abatements. New York City's 421-a Tax Incentive program was established in 1971 and offers tax exemptions to developers of new housing units.[57]The program was suspended in 2016 then extended in 2017 by the New York State Legislature.[58] The NYU Furman Center provides an analysis of properties that have been built under this program between 2010 and 2020. They found that in this period, 421-a has created various sizes of new market rate properties across the boroughs, although in the last five years, rents of affordable units using the program have been more affordable for middle-income households rather than low-income households. When looking at the newest iteration of 421-a, Affordable New York, the Furman Center finds that an estimated 13,700 units have been completed under this program as of 2021.[59] While half of these units were targeted toward low-

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[51] Sportiche, Blanco, Daepp, Graves and Cutler, "Can Fair Share Policies Expand Neighborhood Choice? Evidence From Bypassing Exclusionary Zoning Under Massachusetts Chapter 40B".
[52] Nicholas J. Marantz and Huizin Zheng, "State Affordable Housing Appeals Systems and Access to Opportunity: Evidence from the Northeastern United States," *Housing Policy Debate,* 30(2020): 370-395, https://doi.org/10.1080/10511482.2020.1712612.
[53] Marantz and Zheng, "State Affordable Housing Appeals Systems and Access to Opportunity: Evidence from the Northeastern United States".
[54] California Family Home Construction and Homeownership Act, SB 834, (2023), https://leginfo.legislature.ca.gov/faces/billStatusClient.xhtml?bill_id=202320240SB834.
[55] Iowa, HF 772, 2019, https://www.legis.iowa.gov/legislation/BillBook?ga=88&ba=HF772.
[56] Horton, "State Approaches to Address Homelessness and Increase Affordable Housing".
[57] New York State Legislature, "Affordable New York Housing Program," § 421-a, (1971), accessed November 11, 2024, https://www.nysenate.gov/legislation/laws/RPT/421-A.
[58] NYU Furman Center, "421-a Tax Incentive (421-a)," accessed November 1, 2024, https://furmancenter.org/coredata/directory/entry/421-a-tax-incentive-program.
[59] NYU Furman Center, "421-a Tax Incentive (421-a)".

income households, only one quarter of these advertised units were actually affordable for the targeted demographic.[60]

The Low-Income Housing Tax Credit (LIHTC) serves as the largest source of funding for the development of affordable housing in the United States.[61] The program was created by the Tax Reform Act of 1986 and gives states and localities the authority to use federal income tax credits to finance affordable housing targeting lower-income households. These credits, claimed over a 15-year period, offset a developer's monetary loss from the inability to charge higher rents, incentivizing developers to invest in affordable housing.[62] The LIHTC program has either financed or helped preserve an estimated two million affordable housing units.[63] Housing Choice Voucher (HCV) programs assist low-income households and individuals in renting private-market units. HCVs are administered by local housing agencies that receive funds from HUD to administer the program.[64] The HCV program is the United States' largest rental assistance program. An estimated five million individuals (2.3 million households) use vouchers to afford housing.[65] The above-mentioned analysis carried out by Sportiche et al. also compared 40B projects to HCV units in Massachusetts, and produced a similar finding that HCV units tend to have more favorable siting characteristic than 40B units in Massachusetts localities.[66] In highlighting key outcomes of the HVC program, Ellen finds that since its inception the program has been highly effective in addressing the challenge of affordability faced by low-income households seeking housing. The vouchers have reduced the cost-burden of housing, increased unit-sizes, and reduced crowding within units.[67]

Progressive Policy Examples Addressing Healthcare

Medicaid is a state and federally funded program targeting low-income persons and families as well as individuals who are 65 years old or older, blind, or have certain disabilities.[68] Medicaid was signed into law in 1965 by President Lyndon B. Johnson as Title XIX of the Social Security

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[60] Hayley Raetz and Matthew Murphy, "The Role of 421-a during a Decade of Market Rate and Affordable Housing Development," *NYU Furman Center,* (2022), https://furmancenter.org/files/publications/The_Role_of_421-a_Final.pdf.

[61] Freeman and Schuetz, "Producing Affordable Housing in Rising Markets: What Works?".

[62] Office of Policy Development and Research, *Low-Income Housing Tax Credit (LIHTC),* https://www.huduser.gov/portal/datasets/lihtc.html.

[63] U.S. Department of Housing and Urban Development, "What Happens to Low-Income Housing Tax Credit Properties at Year 15 and Beyond" *Office of Policy and Development Research,* August 2012, https://www.huduser.gov/publications/pdf/what_happens_lihtc_v2.pdf.

[64] U.S. Department of Housing and Urban Development, *Housing Choice Vouchers Fact Sheet, https://www.hud.gov/topics/housing_choice_voucher_program_section_8*.

[65] Center on Budget and Policy Priorities, *Policy Basics: The Housing Choice Voucher Program*, accessed September 30, 2024, https://www.cbpp.org/research/housing/the-housing-choice-voucher-program.

[66] Sportiche, Blanco, Daepp, Graves and Cutler, "Can Fair Share Policies Expand Neighborhood Choice? Evidence From Bypassing Exclusionary Zoning Under Massachusetts Chapter 40B".

[67] Ingrid Gould Ellen, "What do we Know about Housing Choice Vouchers?" *Regional Science and Urban Economics,* 80(2020): 103, https://doi.org/10.1016/j.regsciurbeco.2018.07.003.

[68] Vermont State Legislature, *Vermont Healthcare Finance: High-Level Overview*, January 2023, https://legislature.vermont.gov/Documents/2024/WorkGroups/House%20Appropriations/HAC%20Orientation/W~Nolan%20Langweil~Medicaid%20Finance%20101~1-11-2023.pdf.

Act.[69] Medicaid and Medicare, another federal government healthcare program, offer very similar services, however there are key distinctions between the two programs that allow Medicaid to directly serve those considered low-income. Medicaid specifically provides for those with limited access to resources and targets low-income persons whereas Medicare services are available to people of all incomes over the age of 65 and some persons under 65 with certain disabilities.[70] Medicare requires people to pay some sort of premium or minimum coverage cost which is not the case with Medicaid.[71] An additional difference between the two programs is that Medicaid is funded by the state and federally, allowing each state to set its own standards regarding entrance to the program, whereas Medicare has blanket standards because it is solely funded by the federal government.[72] Medicaid also offers benefits that Medicare doesn't including nursing home care and personal care services.[73]

In 2010, President Barack Obama signed into law the Affordable Care Act (ACA), with a primary goal of creating greater access to affordable healthcare to those below the poverty threshold. The ACA expanded the Medicaid program, requiring states to provide Medicaid for both parents and independent adults with incomes at or below 138% of the federal poverty line.[74] To offset the financial burden this placed on the states, the cost of Medicaid expansion is covered by the federal government.[75] The ACA expansion plan is based on a 90% match rate by the federal government allowing the states to pay a maximum of 10%.[76] In June 2012, the Supreme Court ruled that the states were not required to adopt the Medicaid expansion provided by the ACA.[77] As of August 2024, there are 10 states that have not adopted the Medicaid expansion program.[78] The expansion plan, specifically, has helped those who fall into the coverage gap that occurs with the Medicaid expansion.[79] The coverage gap refers to those whose income is above their state's Medicaid eligibility but are below 100% of poverty.[80]

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[69] Vermont State Legislature, *Vermont Healthcare Finance: High-Level Overview.*
[70] U.S. Department of Health and Human Services, "What's the difference between Medicare and Medicaid?" accessed November 11, 2024, https://www.hhs.gov/answers/medicare-and-medicaid/what-is-the-difference-between-medicare-medicaid/index.html.
[71] U.S. Department of Health and Human Services, "What's the difference between Medicare and Medicaid?".
[72] U.S. Department of Health and Human Services, "What's the difference between Medicare and Medicaid?".
[73] U.S. Department of Health and Human Services, "What's the difference between Medicare and Medicaid?".
[74] Sarah M. Lyon, Ivor S. Douglas, and Colin R. Cooke, "Medicaid Expansion under the Affordable Care Act. Implications for Insurance-related Disparities in Pulmonary, Critical Care, and Sleep," National Library of Medicine, Ann Am Thorac Soc. 2014 May; 11 (4):661-667, https://pmc.ncbi.nlm.nih.gov/articles/PMC4225799/#tbl1.
[75] Lyon, Douglas, and Cooke, "Medicaid Expansion under the Affordable Care Act. Implications for Insurance-related Disparities in Pulmonary, Critical Care, and Sleep".
[76] Kaiser Family Foundation, 10 Things to Know About Medicaid, accessed November 11, 2024, https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-medicaid/.
[77] Lyon, Douglas, and Cooke, "Medicaid Expansion under the Affordable Care Act. Implications for Insurance-related Disparities in Pulmonary, Critical Care, and Sleep".
[78] Kaiser Family Foundation, "Medicaid State Facts Sheets," accessed November 11, 2024, https://www.kff.org/interactive/medicaid-state-fact-sheets/.
[79] The Commonwealth Fund, "Impact of the Medicaid Coverage Gap: Comparing States that Have and Have Not Expanded Eligibility," November 11, 2024, https://www.commonwealthfund.org/publications/issue-briefs/2023/sep/impact-medicaid-coverage-gap-comparing-states-have-and-have-not.
[80] The Commonwealth Fund, "Impact of the Medicaid Coverage Gap: Comparing States that Have and Have Not Expanded Eligibility".

Medicaid also aims to aid those living in rural areas and health deserts. The Appalachian region, spanning from southern New York to northern Alabama and Mississippi, has the highest population of people living in rural communities with limited access to healthcare.[81] Forty-two percent of the population in this region are living in rural communities, twice that of the national population.[82] In central and southern Appalachia, mortality rates have increased, despite the country's overall rate decreasing.[83] States that have not adopted the Medicaid expansion plan include states in this region—Alabama, Georgia, Mississippi, South Carolina, and Tennessee.[84] New York and Kentucky have the highest percentage of their states' population enrolled in their Medicaid program in the Appalachian region and are also first and second in the nation respectively, with 28% and 27%.[85]

Supplemental Nutrition Assistance Program (SNAP)

The Supplemental Nutrition Assistance Program (SNAP) is a government safety net program designed to assist needy families with their food budgets in order to give them the opportunity to purchase healthy foods and move towards a self-sufficient lifestyle.[86] SNAP is a federally funded program administered by the United States Department of Agriculture Food and Nutrition Service (FNS) geared towards low-income individuals and families.[87] Participants in the program receive a monthly debit card that they can use to buy food in most grocery stores.[88] The monitoring, licensing, and participation of retail and food stores in the SNAP program is the responsibility of local FNS offices.[89] Families qualify for SNAP if their gross income is below 130% of the poverty threshold or net income is below 100% of the poverty threshold.[90] In addition to having a low-income status, families and participants must also have a "resource" value below $2,750 per household.[91] However, if the household includes a member that is over 60 years old, the value is raised to $4,250.[92]

In pre-pandemic FY2020 (January and February 2020) participation rates in the SNAP program varied from state to state ranging from 49% of eligible households to 100%, with Wyoming and

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[81] National Library of Medicine, "The State of Health Disparities in the United States," accessed November 11, 2024, https://www.ncbi.nlm.nih.gov/books/NBK425844/.
[82] National Library of Medicine, "The State of Health Disparities in the United States".
[83] National Library of Medicine, "The State of Health Disparities in the United States".
[84] Kaiser Family Foundation, "Medicaid State Facts Sheets".
[85] Kaiser Family Foundation, "Medicaid State Fact Sheets".
[86] USDA Food and Nutrition Service, "Supplemental Nutrition Assistance Program (SNAP)," accessed November 11, 2024, https://www.fns.usda.gov/.
[87] USDA Food and Nutrition Service, "Supplemental Nutrition Assistance Program (SNAP)".
[88] Federal Safety Net, "SNAP," accessed November 11, 2024. https://federalsafetynet.com/snap-description/.
[89] USDA Food and Nutrition Service, "Frequently Asked Questions," accessed November 11, 2024, https://www.fns.usda.gov/snap/retailer/faq.
[90] Federal Safety Net, "SNAP".
[91] Federal Safety Net, "SNAP".
[92] Federal Safety Net, "SNAP".

New Mexico having the lowest level of participation.[93] Connecticut, Illinois, Maine, Massachusetts, New Mexico, Oregon, Pennsylvania, Rhode Island, Washington, West Virginia, and Wisconsin, all had a SNAP eligibility enrollment percentage of 87% or higher.[94] SNAP program policies vary by state while following federal guidelines.[95] The process to enroll in SNAP includes an application, an eligibility interview, and documentation of identity, residency, immigration status, household members, income, resources (i.e. cash, money in the bank, things you own, etc.), and any deductible expenses. [96]

Vermont and Washington are two progressive states when it comes to SNAP policies, opening the program up to allow more individuals and families to enroll. In order to qualify for Vermont's SNAP program, 3Squares VT, a household's total monthly income cannot exceed 185% of the federal poverty level.[97] There are no resource rules in Vermont, however, the individual must meet the General Work requirement, the Time-Limited Benefits work requirement, or fit the qualifications to be exempt from either program.[98] The requirements in Washington State for their SNAP program, Basic Food, includes a gross income limit of 200% of the Federal Poverty Guideline and net income restrictions do not apply to most households.[99] Additionally, Basic Food expands outside the traditional realm of participants than the federal program mandates, extending to legal immigrants who do not met the necessary criteria for immigrants in the standard program.[100] This benefit is funded by the state.[101]

Alabama and Tennessee have SNAP programs that operate at a more basic level. In Alabama, in order to qualify for their Food Assistance Program the gross income limit is set at 130%, the federally mandated level, and net income limit is 100% of the Federal Poverty Level.[102] However, Alabama has no resource limit.[103] The federally mandated gross income poverty limit, 130%, also applies in Tennessee's SNAP program as well as the maximum net income limit of 100%.[104] There is a resource limit in Tennessee of $3,000 in most households and $4,500 in

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[93] USDA Food and Nutrition Service, *Reaching Those in Need: Estimates of USDA's State Supplemental Nutrition Assistance Program (SNAP) Participation Rates in 2020 (Summary),* August 2023, https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-participation-rates-2020summary.pdf.
[94] USDA Food and Nutrition Service, *Reaching Those in Need: Estimates of USDA's State Supplemental Nutrition Assistance Program (SNAP) Participation Rates in 2020 (Summary).*
[95] Center on Budget and Policy Priorities, "Policy Basics: The Supplemental Nutrition Assistance Program (SNAP)," accessed November 11, 2024, https://www.cbpp.org/research/policy-basics-the-supplemental-nutrition-assistance-program-snap.
[96] Center on Budget and Policy Priorities, "Policy Basics: The Supplemental Nutrition Assistance Program. (SNAP)".
[97] Vermont Legal Aid and Legal Services Vermont, "3SquaresVT (Food Stamps)," accessed November 11, 2024, https://www.cbpp.org/research/policy-basics-the-supplemental-nutrition-assistance-program-snap.
[98] Vermont Legal Aid and Legal Services Vermont, "3SquaresVT (Food Stamps)".
[99] Washington State Department of Social and Health Services, *Washington Basic Food Program*, accessed November 12, 2024, https://www.dshs.wa.gov/sites/default/files/ESA/csd/documents/Basic%20Food_Q_and_A.pdf.
[100] Washington State Department of Social and Health Services, *Washington Basic Food Program.*
[101] Washington State Department of Social and Health Services, *Washington Basic Food Program.*
[102] SNAP Screener, "SNAP Eligibility in Alabama," accessed November 11, 2024, https://www.snapscreener.com/guides/alabama.
[103] SNAP Screener, "SNAP Eligibility in Alabama".
[104] Tennessee Department of Human Services, "TN Gov. Income Update 2025," accessed November 11, 2024, https://www.tn.gov/content/dam/tn/human-services/documents/TN.gov_Income_Update%202025.pdf.

households with an individual over 60, which is an increase from the federal standards by $250 on each end.[105]

In FY2023, the United States government spent $10.8 billion on the SNAP program[106] According to an annual summary composed at the national level conducted by FNS the average monthly benefit per person enrolled in the SNAP program is as follows:

- 2017: $125.47;
- 2018: $124.50;
- 2019: $129.83;
- 2020: $155.06;
- 2021: $216.19;
- 2022: $230.48; and
- 2023: $211.65.[107]

Measuring Inequity Across States

The GINI coefficient or GINI ratio is a measurement of income inequality that assigns a given area a score from one (perfect equality) to zero (perfect inequality).[108] The following map uses GINI as a measurement of inequality across the 50 states. The states with the three lowest scores are Utah, Idaho, and New Hampshire, and the states with the highest scores are Delaware, New York, and Louisiana.

[105] Tennessee Department of Human Services, "Eligibility Information," accessed November 11, 2024, https://www.tn.gov/humanservices/for-families/supplemental-nutrition-assistance-program-snap/supplemental-nutrition-assistance-program-snap-eligibility-information.html.
[106] U.S. Government Spending, "State and Local Government Spending Details for 2023," accessed November 11, 2024, https://www.usgovernmentspending.com/year_spending_2023USbt_25bs1n_4041_605#usgs302.
[107] USDA Food and Nutrition Service, *Supplemental Nutrition Assistance Program Participation and Costs*, accessed October 11, 2024, https://fns-prod.azureedge.us/sites/default/files/resource-files/snap-annualsummary-10.pdf.
[108] United States Census Bureau, "GINI Index," accessed Oct. 1, 2024, https://www.census.gov/topics/income-poverty/income-inequality/about/metrics/gini-index.html.

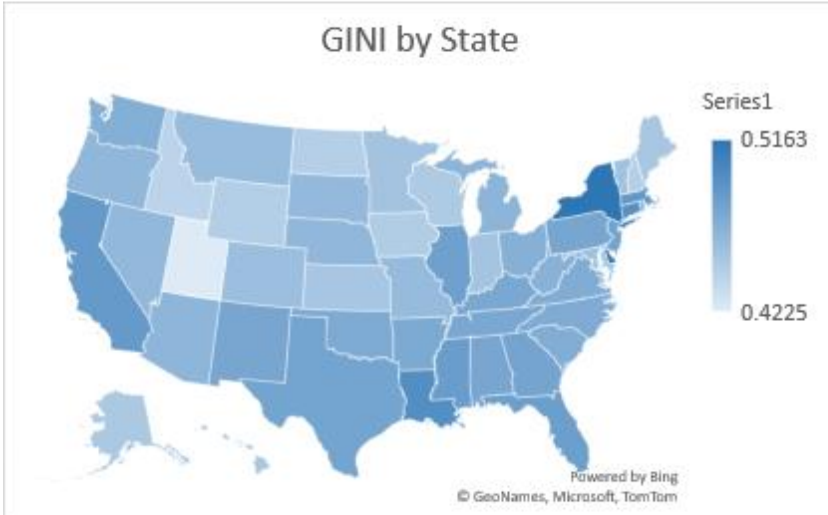

Figure 1: Map of GINI by State[109]

GINI Regression Model

To determine which progressive policies have the highest correlation to inequality as measured by the states' GINI score, we ran a multivariate 50-state regression model including ITEP Tax Inequality Index, SNAP Generosity Index, and the TANF Generosity Index with the GINI Coefficient. The data from our regression analysis is below.

Table 1: 50 State Multivariate Regression Analysis

	Unstandardized B	Standardized Coefficients	Sig.
Tax Inequality Index	.000	-.071	.605
SNAP Generosity Index	.080	.447*	.002
TANF Generosity Index	.013	.071	.602

*Statistically Significant

The only policy shown to have a statistically significant relationship with the GINI index was the state SNAP Generosity Index. The analysis shows that for every unit increase in the snap generosity score, the GINI score increased 0.08. This number only appears small because of the scale of the two indexes; the strength of the relationship between the two can be seen in the graphic depiction of it in Figure 2 below.

[109] United States Census Bureau, "GINI Index of Income Inequality".

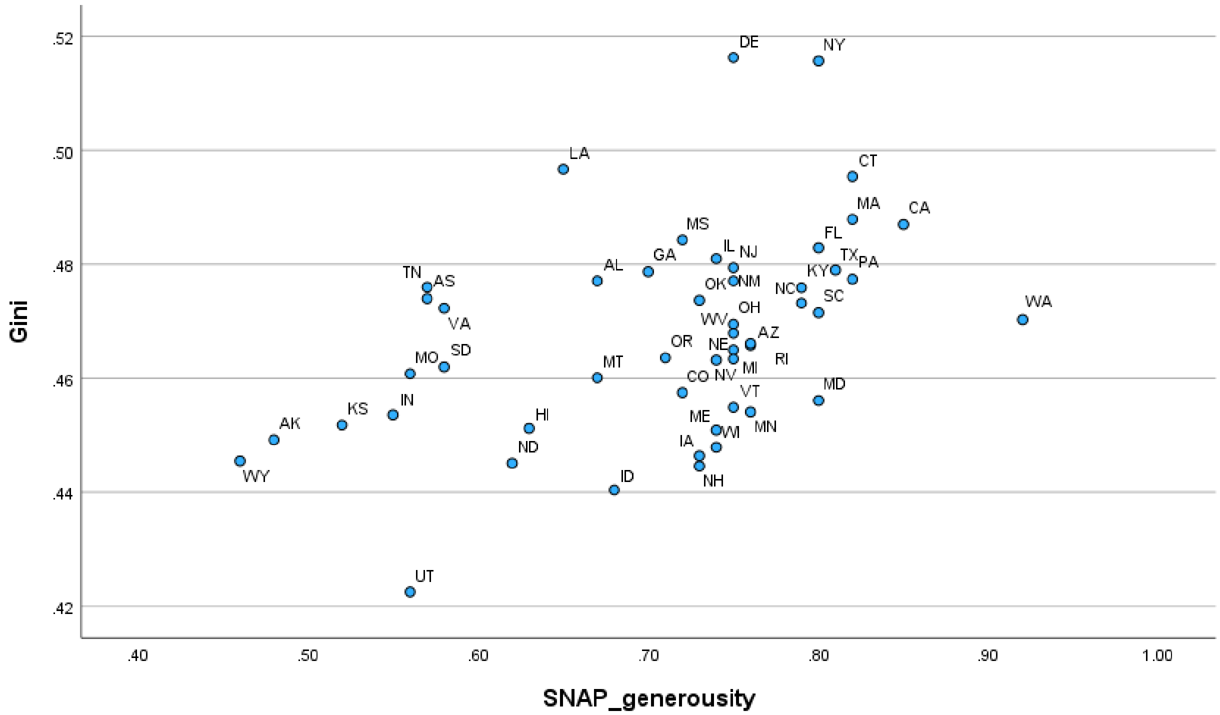

Figure 2: GINI and Snap Generosity Index Regression Model

The other two variables tested, TANF Generosity Index and Tax Inequality Index, do not show a statistically significant relationship with the GINI Coefficient. We see that TANF Generosity may be related to the GINI Index, but the effect is not statistically significant. Tax Progressivity, however, shows an interesting lack of correlation to the GINI Coefficient. We further tested tax progressivity to find potential causes for this lack of correlation. When graphing tax progressivity, we find the tax progressivity score to be distributed normally, however, we noted that 44 states have regressive tax policies, putting the average tax progressivity score in the negative. The average tax progressivity score across the fifty states is -3.7260. We suspect that the regressivity of taxation in the United States is the reason these two variables don't appear to be correlated.

This report was completed on December 9, 2024, by Abigail Sperger, Anna Lambert, and Olivia Goebel under the supervision of VLRS Director, Professor Anthony "Jack" Gierzynski in response to a request from Representative Mari Cordes.

Contact: Professor Anthony "Jack" Gierzynski, 517 Old Mill, The University of Vermont, Burlington, VT 05405, phone 802-656-7973, email agierzyn@uvm.edu.

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