

ECON 101

TA Worksheet, Module 10 (Inequality and Poverty)

Name: _____

TA: _____

1. How has income inequality changed in the US since 1980?

increased

2. What are some reasons for this change?

- ↑ in single parent hhs in low %.
- and ↑ in dual income hhs in top %.
- stock market
- capital gains tax

3. What's the difference between "means tested" social programs and "social insurance" programs?

means tested	social insurance
<ul style="list-style-type: none"> • income eligible • funded through taxes • medicaid 	<ul style="list-style-type: none"> • pay into it • get out what you put in • medicare

4. Consider the data below. Is each tax progressive, regressive, or proportional? Why?

Income		Tax A	Tax B	Tax C
\$50,000	10%	\$5,000	\$5,000	\$5,000
\$100,000	10%	\$10,000	\$8,000	\$15,000
\$200,000	10%	\$20,000	\$12,000	\$40,000

proportional

regressive

progressive

5. Consider the data below. If my income is \$80,000, what is my marginal tax rate? What is my average tax rate?

Income band	Tax rate
\$0-\$30,000	10%
\$30,001-\$60,000	15%
\$60,001-\$90,000	20%

marginal

$$30000(0.10) + 30000(.15) + 20000(.20) = 11500 = 14.4\%$$

2000