



CENTER ON URBAN & METROPOLITAN POLICY

Rewarding Work: The Impact of the Earned Income Tax Credit in Greater Columbus, GA

"...working families live throughout the Columbus metropolitan area, and the EITC is an important source of income for these families and their jurisdictions."



Findings

This year the federal Earned Income Tax Credit (EITC) will provide over \$30 billion to 18.4 million low-income taxpayers across the U.S., making it the largest federal aid program for working poor families. This study is the first to describe the spatial distribution of the EITC in 28 metropolitan areas across the country.¹ An analysis of the Columbus, GA region shows that:²

- In 1997, over 30,000 low-income families throughout the Columbus region earned \$51 million in federal EITC refunds. Residents of the city of Columbus earned approximately \$31 million, a share of the region's EITC dollars roughly equivalent to the city's share of the region's population.
- Low-income working families lived throughout the Columbus region. Particularly high percentages of families earned the EITC in Chatham County, northern Harris County, southern Columbus, and Russell County, Alabama.
- The Columbus region had the second highest percentage of families earn the EITC (26 percent) among the 28 regions studied. An above-average percentage of families (26 percent) in the city of Columbus earned the credit as well.
- Creating refundable Georgia and Alabama state EITCs would contribute an additional \$9 million to the budgets of low-income working families in the Columbus region in 2001. A Georgia state EITC set at 20 percent of the federal credit would help make work pay for 23,000 low-income families in the region. A similar Alabama credit would benefit another 7,000 low-income workers living in Russell County.

I. Introduction

Despite a great deal of public and policy interest in the working poor and working families, particularly in the aftermath of welfare reform, there is little understanding of who the working poor are and where they live. Families may claim an Earned Income Tax Credit (EITC) if they are working but not earning more than roughly 200 percent of the federal

poverty level. Therefore, this survey uses EITC receipt as a measure of the number and location of low-income working residents in a metropolitan area. This Columbus, GA survey is one of a series looking at the EITC and its value to 28 regions around the country. Using IRS data, this survey mapped the geographic distribution of the EITC to help these regions better understand where working poor

families in their areas live. This survey confirms that working families live throughout the Columbus metropolitan area, and that the EITC is an important source of income for these families and their jurisdictions.

II. What Is the EITC?

The EITC is a refundable income tax credit designed to make work pay for low-income families. Congress enacted the credit in 1975 in response to high unemployment and the burden that social security taxes imposed on low-wage workers. Substantial increases in the EITC were approved by Congress several times during the late 1980s and early 1990s. Between 1984 and 1996, the amount of dollars transferred to working families through the credit increased more than 10 times (Figure 1). In 1997, over 19 million families claimed more than \$30 billion in EITCs—an average of \$1,567 per family. The EITC is now the largest federal aid program targeted to the working poor.

A. How Does the EITC Work?

Eligibility

The EITC is available to families whose incomes range from below the federal poverty line to roughly double the poverty line (see Figure 2). Families with two children could earn up to \$3,888 in EITC in 2000; families with one child are eligible for a credit of up to \$2,353. Very low-income workers with no children are eligible for a small EITC.

The size of the credit increases as earnings increase, up to a point, and then remains constant at a maximum level (based on the number of dependents) before declining with each additional dollar of income (see Figure 2). For example, a household with two children and earnings between \$9,700 and \$12,700 was eligible for a \$3,888 refund for tax year 2000.

Figure 1: Earned Income Tax Credit
Number of Families and Amount of Credit
1975 – 2001

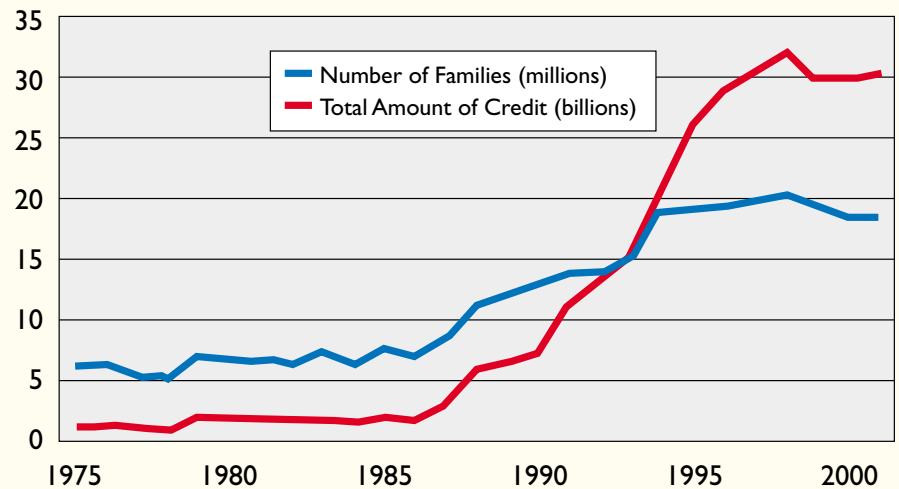


Figure 2: Size of the Credit Relative to Earned Income and Number of Dependents, 2000



The data analyzed in this survey are for tax years 1997 and 1998. In these years, the maximum credit available to families with two children was about \$3,700, and the maximum credit for families with one child was about \$2,250.

Applying

Workers must file a tax return and complete Schedule EIC in order to claim the credit. Taxpayers whom the IRS believes are eligible for the EITC are sent notices if they do not complete Schedule EIC. These taxpayers

may file amended returns, but low-income workers who are otherwise exempt from filing will not receive any notice unless they complete a tax return. Employers can also make the Advance EITC available to their employees, allowing eligible workers to earn a portion of their credit with each paycheck. Nearly all families, however, receive the credit in their tax refund check at the end of the year.

B. Who Actually Claims the EITC?

In tax year 1998, half of all EITC dollars went to families who earned less than \$12,000.³ The remainder went to families earning up to \$29,000.

Larger percentages of eligible families claim the EITC compared to traditional social welfare programs (TANF, Food Stamps, Medicaid). Nevertheless, studies have found that many eligible households, particularly families with very low incomes, former welfare recipients, and those with language barriers, are not filing for the EITC.⁴ Additional research also shows that many of those who are eligible have, at best, a vague understanding of how the EITC works. A recent study showed that minorities, particularly low-income Hispanic households, are less likely to know about the EITC than low-income non-Hispanic parents of any race.⁵

C. Why Is the EITC Important?

A series of recent studies have provided strong evidence that the EITC significantly reduces poverty and income inequality while encouraging work and helping low-income families build assets for the future.

Lifts Families Out of Poverty

The EITC's success in moving families out of poverty is largely attributable to recent increases in the size of the credit and the number of working families eligible for the credit.⁶ In 1993, the EITC helped lift 2.1 million people above the poverty line. By 1999, that figure had more than doubled to

Table 1: Who Can Get the Credit?

Occupation	Avg. Annual Salary in the Columbus Region
Janitors	\$14,760
Security Guards	\$16,750
School Bus Drivers	\$17,160
Preschool Teachers	\$19,000
Dental Assistants	\$21,490
Graphic Designers	\$24,190

Source: Bureau of Labor Statistics

4.7 million people. In just that one year, the credit lifted 2.5 million children out of poverty—more than any other federal aid program.⁷

Increases Work

By restricting eligibility to families with earnings, the EITC promotes work. In 1984, prior to large increases in the EITC and changes in other federal transfer programs, 73 percent of single mothers with children worked at some point during the year. By 1996, 81 percent of single mothers were working at some point during the year. One study found that three-fifths of this increase in workforce participation by single mothers was attributable to increases in the EITC.⁸ Researchers have also shown that the EITC increases work for those who previously received welfare.⁹

Supplements Wages

The wages and salaries of the working poor have not kept pace over the last 20 years with those earning larger incomes. Despite strong economic growth over the last decade, the income gap between rich and poor has widened.

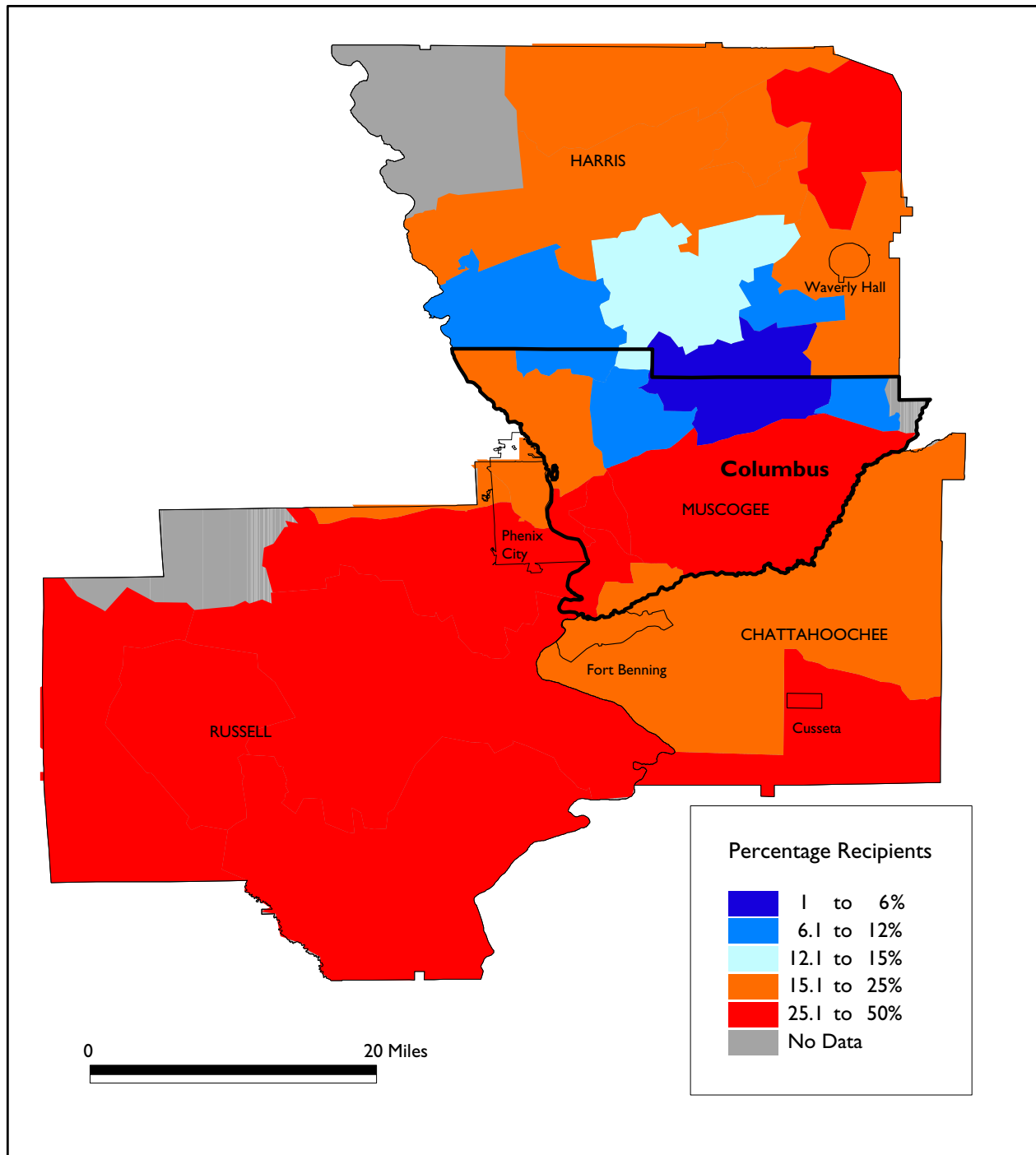
In Georgia, during the late 1990s, the average before-tax income of a family in the bottom fifth of the income distribution was around \$11,500. Adjusted for inflation, these families were actually earning six percent less than they were during the

late-1970s. At the same time, families in the top fifth of the distribution had average before-tax income of \$122,128, 24 percent more than during the late 1970s.¹⁰ Research suggests that the EITC, by supplementing the wages of low-income working families, has curbed growth in national after-tax income inequality.¹¹

Builds Wealth and Purchasing Power

EITC dollars represent additional income coming into the community, increasing families' purchasing power and helping them build assets for the future. The one study to investigate how families use the EITC found that over half of recipients planned to spend their refunds on investments like paying for tuition or other educational expenses, increasing their access to jobs through car repairs and other transportation improvements, moving to a new neighborhood, or putting money into a savings account. The study also found that the EITC helped the lowest-income families meet immediate needs such as utilities and rent.¹²

Columbus, GA MSA:
 EITC Recipients as a Percentage of
 Total Tax Returns by Zip Code, 1998



Source: U.S. Internal Revenue Service

III. Findings: The Value of the EITC in Greater Columbus

This study examines the spatial distribution of the EITC in the Columbus, GA region, which is defined as the Columbus Metropolitan Statistical Area (MSA). This definition includes roughly 275,000 people living in three Georgia counties (Chattahoochee, Harris, and Muscogee) and one Alabama county (Russell). The EITC data used for this study, which are publicly available through the Internal Revenue Service, reflect actual credits claimed by taxpayers for tax years 1997 and 1998 (see Appendix D for further information on the data).¹³

A. In 1997, over 30,000 low-income families throughout the Columbus region earned \$51 million in federal EITC refunds.

Of the \$51 million dollars in federal EITC refunds flowing to families in the Columbus region, \$33 million was earned by residents of the city of Columbus, the borders of which are coincident with those of Muscogee County (see Appendix A). Working poor families living in Russell County, Alabama, benefited from \$12 million in EITC refunds. Families from Chattahoochee and Harris counties earned nearly equal amounts of credits, together totaling \$6 million.

The city of Columbus received a share of the region's EITC dollars roughly equivalent to its share of the region's population. In 1997, 67 percent of the region's residents lived in the city of Columbus, and the city's working families received 64 percent of the region's EITC refunds. EITC dollars were much more dispersed than money redistributed by other federal assistance programs that benefit residents of greater Columbus. For instance, families in the city of Columbus received over 89 percent of the region's TANF payments, and almost 77 percent of the region's Food

Stamp funds, in 1997.¹⁴

The average EITC for families in the Columbus region in 1997 was \$1,669, \$100 more than the average credit nationally. Families living in the city of Columbus who earned the EITC received an average credit of \$1,697, while those in the suburbs earned, on average, \$1,622 in credits.

B. Low-income working families lived throughout the Columbus region.

The nearly equivalent shares of families in the city of Columbus and region-wide earning the EITC indicate that the working poor could be found throughout the greater Columbus area.

In the city of Columbus, 26 percent of filers earned an EITC in 1998—a total of 19,500 low-income workers (see Appendix B). The downtown area of the city was home to the highest concentration of working poor families. In these neighborhoods, between one-third and one-half of all tax filers benefited from the credit.

Rates of EITC receipt were equally high in many parts of the region outside of the city of Columbus. In the area around Phenix City in Russell County, more than one-third of all taxpayers earned an EITC, and nearly a quarter of taxpayers filed for the credit countywide. In the Cusseta area of Chattahoochee County, 34 percent of taxpayers filed for the credit; 24 percent earned the credit in the Waverly Hall area of Harris County.

C. The Columbus region had the second highest percentage of families earn the EITC (26 percent) among the 28 cities studied.

With 25.8 percent of all tax filers earning the EITC, the percentage of families receiving the credit in the Columbus region was the second highest among the 28 regions surveyed—only the Miami region (27.2 percent) had a higher rate (see Appendix C). The EITC boosted the incomes

of a considerably higher percentage of families in the Columbus region than in the other three Georgia regions surveyed - Atlanta (15.8 percent), Macon (22.6 percent), and Savannah (21.6 percent).

Working poverty was more dispersed in Columbus than in the other regions studied, as families in areas outside the city were nearly as likely to earn the EITC as families in the city. In fact, the percentage of families receiving the credit in the suburbs of Columbus (25.4 percent) was the highest among the suburban portions in all 28 regions studied.

The city of Columbus's rate of EITC receipt (26 percent) was also higher than the median rate across all 28 cities surveyed (24 percent). Of the Georgia cities studied, only Macon had a higher percentages of families benefit from the credit (35.2 percent). Atlanta (25.4 percent) and Savannah (24.2 percent) saw comparable shares of workers earn the EITC.

D. Creating refundable Georgia and Alabama state EITCs would contribute an additional \$9 million to the budgets of low-income working families in the Columbus region in 2001.

The states of Georgia and Alabama could create refundable state EITCs that match the federal EITC at a fixed percentage. Such credits would not only help to make work pay for low-income residents of the Columbus region, but also they would relieve the burdens of state income taxes on poor families. The state of Alabama currently has the lowest income tax threshold in the nation—families of four begin paying state income tax when their income reaches only \$4,600. The state of Georgia does offer a “low-income credit” that results in a small refund for some working poor families, but the small size of the credit still leaves many Georgia families with below-poverty level incomes subject to state income tax.¹⁵

At 20 percent of the federal credit, a Georgia state EITC could add at least \$7 million to the incomes of 23,000 working poor families living in the Columbus region, lifting many of them out of poverty.¹⁶ A 20 percent credit would boost the earnings of families in the city of Columbus alone by an additional \$3 million. A similar credit for Alabama taxpayers would benefit another 7,000 low-income workers living in Russell County. By creating refundable state EITCs, Georgia and Alabama would join ten other states that have already made similar commitments to their working families.

IV. What Columbus Can Do To Leverage the EITC Locally

This study confirms that there are tens of thousands of working families living throughout the Columbus metropolitan area, and that the Earned Income Tax Credit is a significant federal support for these families and their communities. Policymakers in the Columbus region can leverage this investment by partnering with community institutions to preserve the value of the EITC, and by building on the federal credit at the state level. There are five things that Columbus's communities can do right now to maximize the use and value of the EITC.

1. Help low-income taxpayers learn about and file for the EITC

In 1997, the average EITC for Columbus families claiming the credit was almost \$1,700. Still, evidence suggests that many working families eligible for the credit fail to claim it. In 2000, the City of Chicago launched an education and outreach campaign to increase awareness of the EITC among low-wage workers and their employers, and to make free tax preparation available to eligible families through volunteer organizations. The campaign also alerted employers that

their lower-wage workers could qualify for the Advance EITC which, by adding a portion of the value of a worker's anticipated EITC to each paycheck, serves to boost the take-home pay of eligible families throughout the year.

2. Support community organizations that preserve the value of the EITC

According to researchers, over half of all families who receive the federal EITC file their taxes through a tax preparation service.¹⁷ Unfortunately, many of these services charge exorbitant fees and even offer "refund anticipation loans": high-interest loans that—often for \$100 and more—give taxpayers their money only a few days sooner than the Treasury would. The Center for Law and Human Service's Tax Counseling Project and the Tax Assistance Project in Chicago, as well as the Community Action Project of Tulsa County in Oklahoma, are organizations that are helping EITC recipients who need assistance in filing their returns to receive the full value of the credit. States and localities can also help recruit volunteers for the IRS Volunteer Income Tax Assistance (VITA) program, which provides free individual tax preparation for taxpayers claiming the EITC.

3. Help families use the EITC as a gateway to financial services

According to the Federal Reserve, 22 percent of families with less than \$25,000 in income (the majority of the EITC-eligible population) lack a bank account of any kind.¹⁸ By not having this most basic access to mainstream financial services, these families must often rely on high-cost check cashing or other alternative financial services that consume large portions of their small incomes, and make it even more difficult for them to put aside small amounts of savings for the future. The average federal EITC refund in Columbus of \$1,669 represents a large initial deposit that, with cooperation

from local banks and credit unions, could help many lower-income families open an account and begin to build modest amounts of savings.

Some states and counties, including those in California and Missouri, are working with banks to make low-cost accounts available to families making the transition from welfare to work. Cities and towns in the Columbus region, as well as the state of Georgia, could make similar efforts on behalf of unbanked low-income working families, making it possible for them to receive their tax refunds via Direct Deposit.

4. Enact refundable Georgia and Alabama state EITCs

With over 30,000 families in the Columbus region receiving an EITC in 1998, Georgia and Alabama refundable state EITCs set at 20 percent of the federal credit could provide \$9 million or more to the area's working families. Ten states currently make a refundable EITC available to their low-income working families through their state income tax. Because refundable state EITCs support families moving from welfare to work, Georgia and Alabama could finance such a credit with unspent federal TANF dollars, or count state expenditures on a refundable credit toward their "maintenance of effort" required under TANF. In addition to supporting welfare-to-work efforts, state earned income credits help to reduce poverty among working families with children while allowing these lower-income families to share in the benefits of state income tax cuts. Importantly, with state EITCs set at 20 percent of the federal credit, Georgia and Alabama would join 26 other states that have exempted their working poor families from state income taxes.¹⁹

5. Use local data to identify eligible families who aren't claiming the EITC

While significant percentages of working families are aware of and file for the EITC, new entrants into the labor force—especially individuals making the transition from welfare to work—may not be aware of the credit. Data from the IRS and the Georgia and Alabama Departments of Revenue could make it possible for researchers to identify neighborhoods where EITC participation rates are unexpectedly

low and target these areas for outreach. Using this type of data from the Wisconsin Department of Revenue, researchers at the University of Wisconsin's Employment and Training Institute identified neighborhoods in Milwaukee where low percentages of low-income families filed for the EITC.²⁰

Appendix A: Value of Claimed EITCs for the Columbus, GA Region, 1997

County	Value of EITCs Claimed	Share of Regional Total Value of EITCs Claimed	Share of Regional Population
Chattahoochee, GA	\$3,141,000	6.1%	6.0%
Harris, GA	\$2,972,000	5.8%	8.2%
Muscogee, GA	\$32,813,000	64.1%	67.2%
Russell, AL	\$12,268,000	24.0%	18.7%
Regional Total	\$51,194,000	100%	100%

Source: Internal Revenue Service, 1997 Zip Code files.

Appendix B: Profile of EITCs Received for the Columbus, GA Region, 1998

County	Avg. Adjusted Gross Income	Total Number of Returns	Total Number of EITCs Claimed	% of Taxpayers Filing for EITC
Chattahoochee, GA	\$24,188	7,993	2,043	25.6%
Harris, GA	\$36,475	10,661	1,876	17.6%
Muscogee, GA	\$48,196	75,106	19,516	26.0%
Russell, AL	\$28,803	24,540	7,082	28.9%
Regional Total	-	118,300	30,517	25.8%

Source: Internal Revenue Service, E-File Demographics.



Appendix C: Estimates for 28 Regions and Cities

	Region		Central City		City Share of Regional EITC Value	City Share of Regional Population
	% of Taxpayers Filing for EITC	Value of EITCs Claimed (Millions of Dollars)	% of Taxpayers Filing for EITC	Value of EITCs Claimed (Millions of Dollars)		
Akron	11.2	54.3	20.3	27.7	51.1	31.4
Atlanta	15.8	423.2	25.4	67.0	15.8	11.0
Baltimore	13.9	242.1	28.0	123.0	50.8	26.6
Boston	8.9	321.8	15.1	53.4	16.6	9.5
Columbus (GA)	25.8	51.2	26.0	32.8	64.1	67.2
Denver	10.7	147.0	16.9	52.0	35.4	26.3
Des Moines	9.8	29.2	13.6	14.0	47.9	44.4
Detroit	11.8	348.2	32.3	161.3	46.3	21.8
Gary	13.2	57.3	33.6	19.0	33.1	17.8
*Grand Forks	11.6	7.0	11.7	4.2	60.1	48.7
Hartford	8.8	65.1	31.6	20.6	31.6	11.7
Indianapolis	12.9	146.0	16.4	88.6	60.7	49.4
Los Angeles	21.2	1238.1	24.6	509.0	41.1	39.1
Louisville	14.7	105.8	24.0	41.1	38.8	25.8
Macon	22.6	54.6	35.2	20.7	38.0	35.9
Miami	27.2	393.1	32.3	61.5	15.6	17.4
Milwaukee	10.7	116.7	21.9	78.7	67.4	40.0
New Orleans	25.4	253.8	36.0	125.2	49.3	35.9
Oakland	9.5	130.7	15.9	35.5	27.2	16.1
Philadelphia-Camden	12.2	403.4	24.1	209.3	51.9	29.4
Providence	12.6	74.3	23.6	26.5	35.6	16.7
Saint Louis	13.5	252.4	29.6	70.7	28.0	13.5
San Antonio	23.0	264.9	24.9	195.9	74.0	73.9
San Diego	14.3	253.3	14.4	113.8	44.9	44.0
San Jose	7.9	85.6	11.1	47.4	55.4	52.5
*Savannah	21.6	44.0	24.2	35.7	81.3	48.7
*Seattle	8.2	119.1	8.7	36.3	30.5	23.5
Washington	10.8	362.5	18.9	76.9	21.2	11.5
Median for all 28 Regions:	12.8%	\$138.3	24.0%	\$52.7	43.0%	28.0%

Source: U.S. Internal Revenue Service

* Denotes a central city where a large percentage of zip codes extend beyond the municipal boundaries. See Appendix D.

Appendix D: Methodology

The data for this study were derived from two IRS files (described below). This study uses a 1998 file to map the percentage of taxpayers who received the EITC. In order to determine the actual amount of EITC dollars that went into each jurisdiction, we needed to use a more detailed data file. The 1997 IRS zipcode file is the most recent year for which these detailed data are available.

The 1997 file contains information by zip code on the total number of individual income tax filers, the number of filers with certain tax items (salaries and wages, interest, Schedule C, Schedule F) and total amounts for those items for tax year 1997 returns. Among these are the number of filers who claimed the EITC, and the total amount of EITC claimed. We used these data to calculate the amount of Earned Income Credit that flowed into each county in 1997, as well as the average EITC amount per county. The data are available online at http://www.irs.gov/tax_stats/soi/zip-codes.html.

The 1998 file contains similar information by zip code, including the total number of filers and the number of filers claiming the EITC, but does not provide the total amount of EITC claimed per zip code. Since these data were for a more recent tax year, we used them to calculate the percentage of filers receiving the EITC in a given zip code, and throughout a given county. These data are based on returns received by the IRS between January 1, 1999 and December 31, 1999; nearly all of these returns were for tax year 1998. The data are available online at http://www.irs.gov/elec_svs/demogrfx.html.

Although the raw data are reported at the zip code level, most of the data in the study are characterized at the county or city level. To calculate the county totals we simply aggregated zip codes based on the county names provided in the IRS file. Estimating accurate totals for smaller levels of geography, i.e. cities, was more difficult. Because zip codes are determined by the United States Postal Service and are designed to facilitate the delivery of mail, their borders very often do not coincide with municipal boundaries. In some cities, zip codes more or less match the actual jurisdictional lines; in others, zip codes that cover large parts of a city extend well into neighboring cities and towns. We used GIS (Geographic Information System) to determine which zip codes fit well enough within a given city's boundaries to associate with that city. If a zip code's center was inside the city's boundaries, then the zip code was included. In a few cases, where there were a large number of zip codes that extended beyond the city's boundaries in an unusual manner, we included all zip codes that were within, or intersected with, the city's boundaries. In these instances, the total amount of EITC flowing into the central city may be slightly overstated, but the regional totals are as accurate as for other regions. These cities are marked with an asterisk in Appendix C.

Endnotes

- 1 The regions included in this survey series were selected because they are areas where the Annie E. Casey Foundation and John S. Knight Foundation are involved in initiatives aimed at improving the lives of working poor families.
- 2 The 'EITC' referenced throughout this survey is the federal Earned Income Tax Credit (unless otherwise noted). All references to EITCs claimed or the value of EITCs claimed are for the tax year to which we refer.
- 3 David Campbell, Michael Parisi, and Brian Balkovic (2000). "Individual Income Tax Returns, 1998." *Statistics of Income Bulletin*, Fall 2000. US Department of the Treasury.
- 4 See John Karl Scholz (1994). "The Earned Income Tax Credit: Participation, Compliance, and Antipoverty Effectiveness." *National Tax Journal* 48: 64–85. Scholz found that between 80 and 86 percent of those eligible actually claim the credit. His study was based on 1990 data. Significant increases in the value of the EITC have probably altered actual participation rates. Also see Carolyn J. Hill, V. Joseph Hotz, Charles H. Mullin, John Karl Scholz (1999). "EITC Eligibility, Participation, and Compliance Rates for AFDC Households: Evidence from the California Caseload." http://www.jcpr.org/wpfiles/hotz_eitc.pdf
- 5 Katherin Ross Phillips (2001). "Who Knows About the Earned Income Tax Credit?" Urban Institute http://newfederalism.urban.org/html/series_b/b27/b27.html
- 6 Between 1993 and 1999, the number of families receiving the EITC increased by 29 percent. The number of people lifted out of poverty by the EITC increased by 124 percent over the same time period.

- 7 The increasing contribution of the EITC to the safety net contrasts sharply with trends in other federal aid programs in the 1990s. Social security insurance, for example, lifted 300,000 less people out of poverty in 1999 than it did in 1993. Food stamps helped about 700,000 less people in 1999 than in 1993. And means-tested cash benefits, mainly TANF, lifted 600,000 less. See "Poverty and Income Trends: 1999," Center on Budget and Policy Priorities.
- 8 For increase in labor market participation see Nada Eissa and Jeffrey Liebman (1996). "Labor Supply Response to the Earned Income Credit." *Quarterly Journal of Economics*, CXI, 605–647. Another set of estimates by Bruce Meyer and Dan Rosenbaum suggest that more than 60 percent of the increase in annual employment of single mothers was due to increases in the EITC. Welfare waivers contributed one-sixth and AFDC benefit cuts about one-eighth. Changes in Medicaid, employment training, and child care programs played a smaller role.
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- 9 V. Joseph Hotz, Charles H. Mullin, and John K. Scholz (2000). "The Earned Income Tax Credit and Labor Market Participation of Families on Welfare." Joint Center on Poverty Research.
http://www.jcpr.org/wpfiles/hotz_mullin_scholz_final.pdf
- 10 The income distributions by state are from the Current Population Survey. The data was pooled for larger sample sizes. The years analyzed were 1978–1980 and 1996–1998. See Jared Bernstein, Elizabeth C. McNichol, Lawrence Mishel, and Robert Zahradnik (2000). "State-by-State Analysis of Income Trends." Center on Budget and Policy Priorities and Economic Policy Institute.
<http://www.cbpp.org/1-18-00sfp.htm>.
- 11 Jeffrey B. Liebman (1998). "The Impact of the Earned Income Credit on Incentives and Income Distribution." From *Tax Policy and the Economy*, Volume 12, (James Poterba, Editor), MIT Press.
<http://www.ksg.harvard.edu/jeffreyliebman/tpaeetc.pdf>
- 12 Timothy M. Smeeding, Katherin Ross Phillips, and Michael O'Connor (2000). "The EITC: Expectation, Knowledge, Use, and Economic and Social Mobility." Center for Policy Research, Working Paper Series No. 13.
<http://www-cpr.maxwell.syr.edu/pdf/wp13.pdf>
- 13 The IRS data on the EITC, and the data presented in this survey, reflect credits claimed, and not necessarily dollars refunded. Some EITC offsets tax owed, and does not result directly in a refund. The overwhelming majority of credit amounts claimed are, however, refunded to taxpayers—in 1997, over 80 percent of all EITC amounts were refunded.
- 14 "Table CA35," Regional Economic Information System. Bureau of Economic Analysis. June 2000.
- 15 Robert Zahradnik, Nicholas Johnson and Michael Mazerov (2001). "State Income Tax Burdens on Low-Income Families in 2000: Assessing the Burden and Opportunities for Relief." Center on Budget and Policy Priorities.
<http://www.cbpp.org/3-1-01sfp.pdf>.
- 16 These estimates are based on calculations for the states of Georgia and Alabama by the Center on Budget and Policy Priorities.
<http://www.cbpp.org/11-11-99sfp.pdf>
- 17 "Earned Income Tax Credit: Profile of Tax Year 1994 Credit Recipients," General Accounting Office. GAO/GGD-96-122BR.
http://www.access.gpo.gov/su_docs/aces/aces160.shtml; "Nationwide Analysis of the Individual Tax Return Records for Partial Tax Year 1998," Internal Revenue Service Publication 3493.
<http://ftp.fedworld.gov/pub/irs-utl/p3493.pdf>.
- 18 Arthur B. Kennickell, Martha Starr-McCluer, and Brian Surette. "Recent Changes in U.S. Family Finances: Results from the 1998 Survey of the Consumer Finances." *Federal Reserve Bulletin*, January 2000.
- 19 In 26 of 42 states that levy income taxes, a working single parent with two children with a poverty-level income in 2000 had zero or negative tax liability. See Zahradnik (2001).
- 20 Lois M. Quinn and John Pawasarat (2001). "The Milwaukee Neighborhood Indicators/Asset Mapping Project: Employment and Income Growth in Central City Milwaukee Neighborhoods." University of Wisconsin—Milwaukee, Employment and Training Institute.
<http://www.uwm.edu/Dept/ETI/reports/dor99.htm>

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Note

This survey is available on the Brookings Institution's website at: www.brookings.edu/urban. Also available are similar surveys for 27 other metropolitan regions.



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