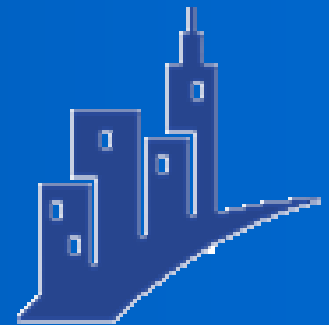


The Brookings Institution

Metropolitan Policy Program
Alan Berube, Senior Research Associate



Background on EITC Campaigns

EITC Funders Meeting
June 21, 2004



CHICAGO—Home of the Urban “Idea Virus”

- I. Serious policy reform—Mayoral school takeover, 1995
Cleveland (1998); Baltimore (1998); Detroit (1999); Oakland (2000)
- II. Civic engagement strategies—“One Book, One Chicago,” 2001
250 cities and counties; 20 alone read *To Kill A Mockingbird*
- III. Tourism ideas gone awry—“Cows on Parade,” 1999



Cincinnati—Pigs (2000)



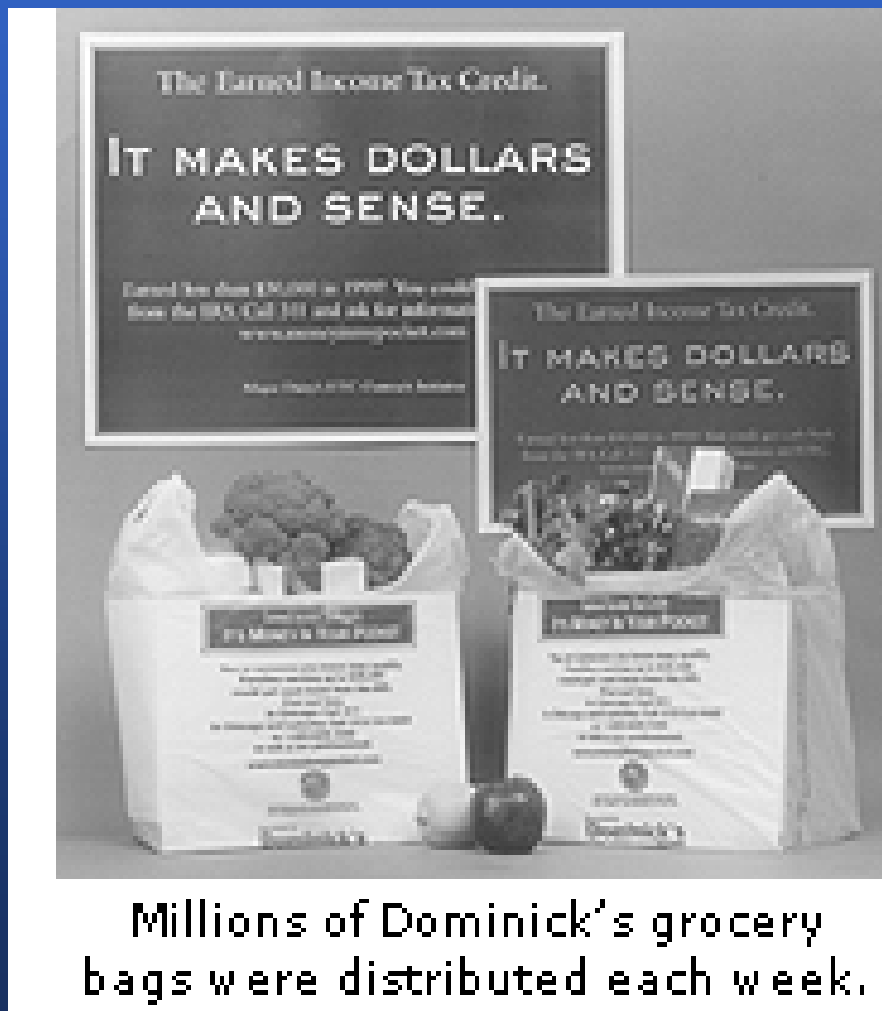
Buffalo—Buffalo (2000)



DC—Party Animals (2002)



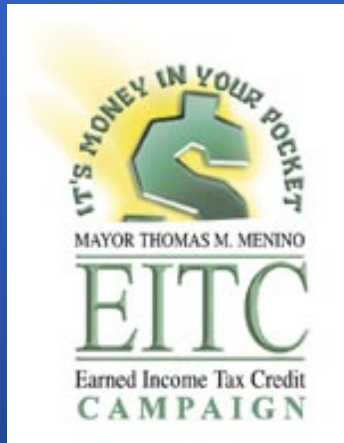
In 1999, Chicago mounted the first large-scale municipal campaign to link working families to the Earned Income Tax Credit



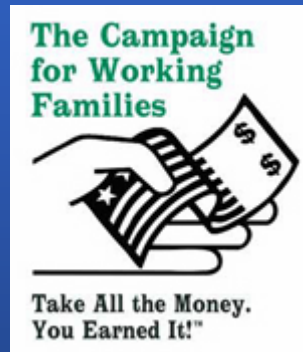
Mayor's Office
Business Groups
Local Companies
IRS & Free Tax Prep
Foundations
Media Specialists
Community Groups
Government Agencies



Today, about three-fourths of the nation's 100 largest cities have some coordinated effort around EITC outreach and free tax prep



Boston



Philadelphia



Louisville



Los Angeles



INDIANAPOLIS A\$\$ET
BUILDING CAMPAIGN



SF Bay Area



Four reasons that EITC-related campaigns have “caught on”

The EITC rewards work and reduces poverty

EITC is a large federal investment in urban economies

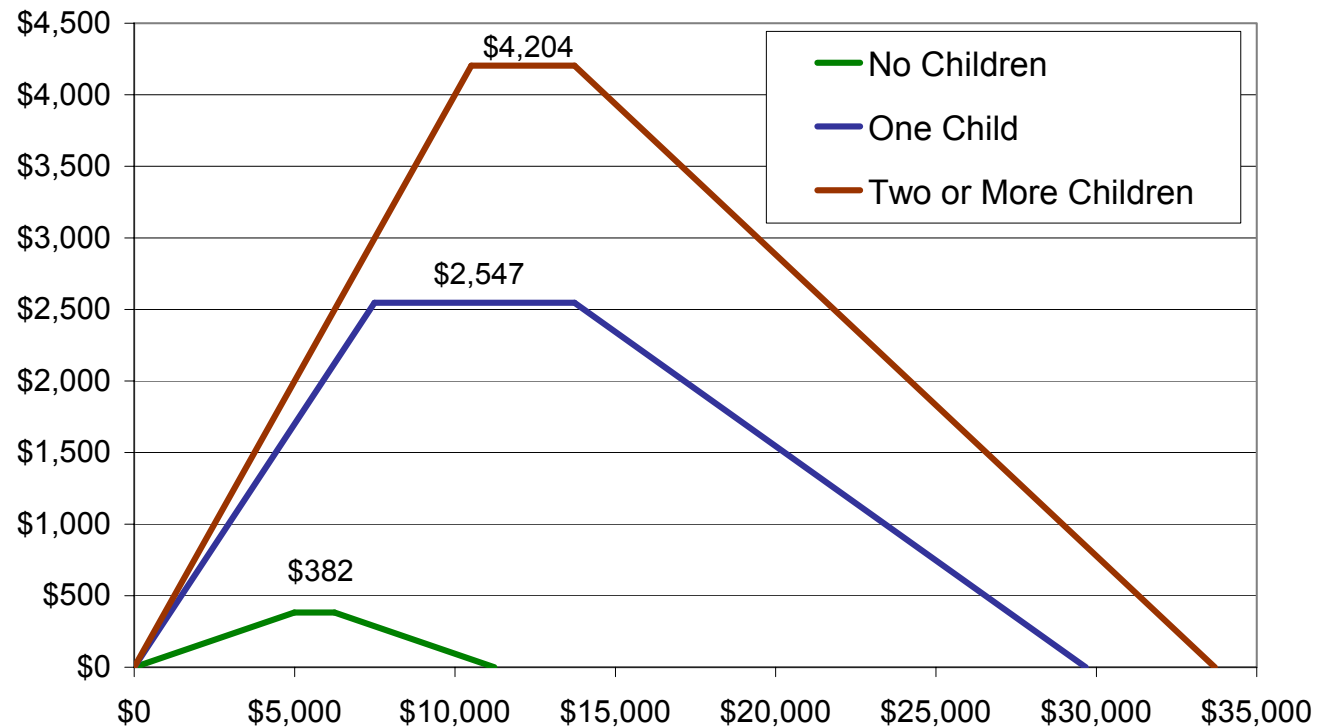
Not all families eligible for the EITC receive it

Low-income filers pay high prices to access the EITC



The EITC is a refundable federal tax credit for people who work but earn low wages

Figure 1. Structure of the Earned Income Tax Credit in Tax Year 2003, Head of Household Filers*



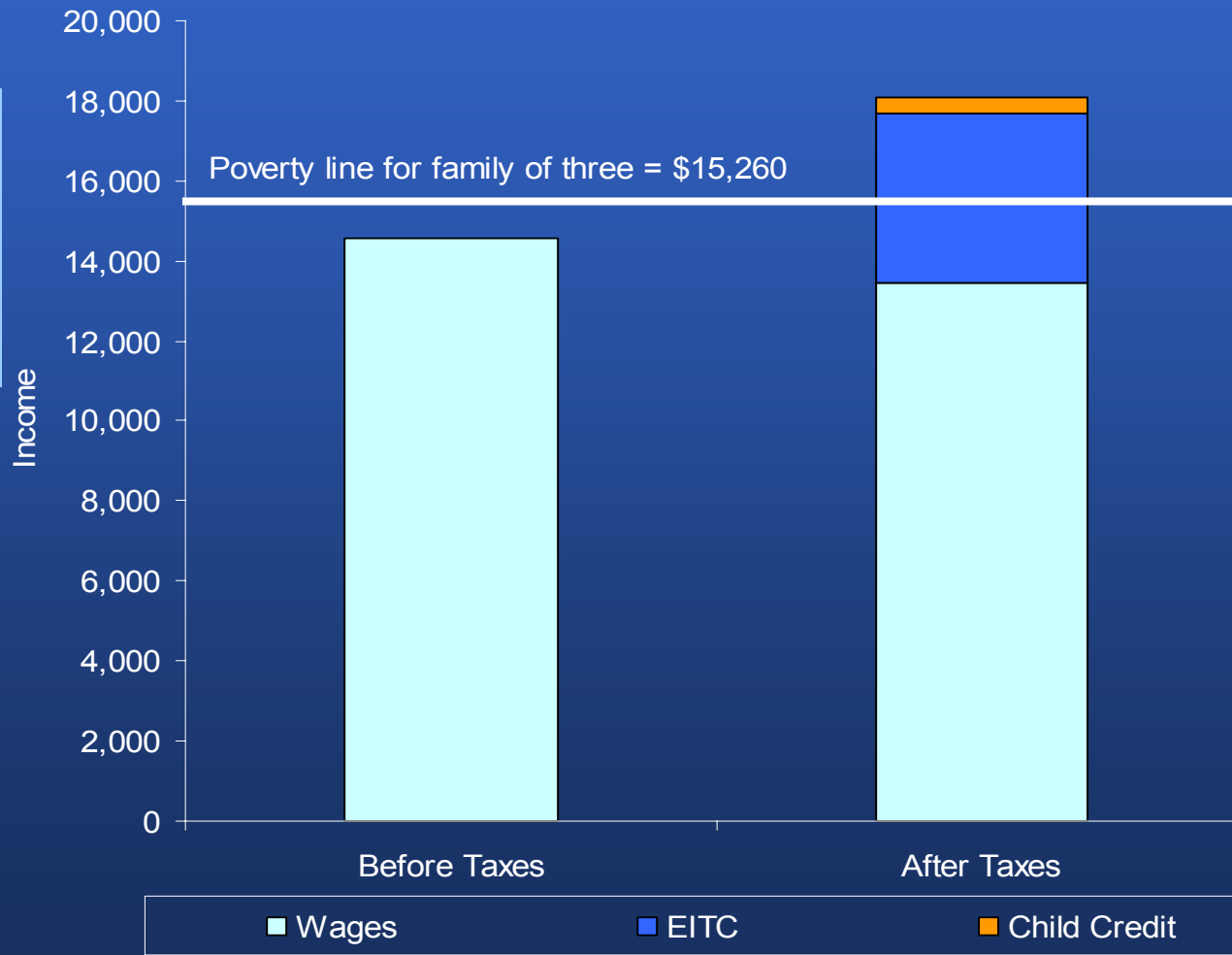
Source: Internal Revenue Service

* Married couples filing jointly are eligible for slightly higher credit amounts in the "phase-out" range of the EITC.



The EITC lifts 4.9 million people—including 2.7 million children—above the poverty line each year

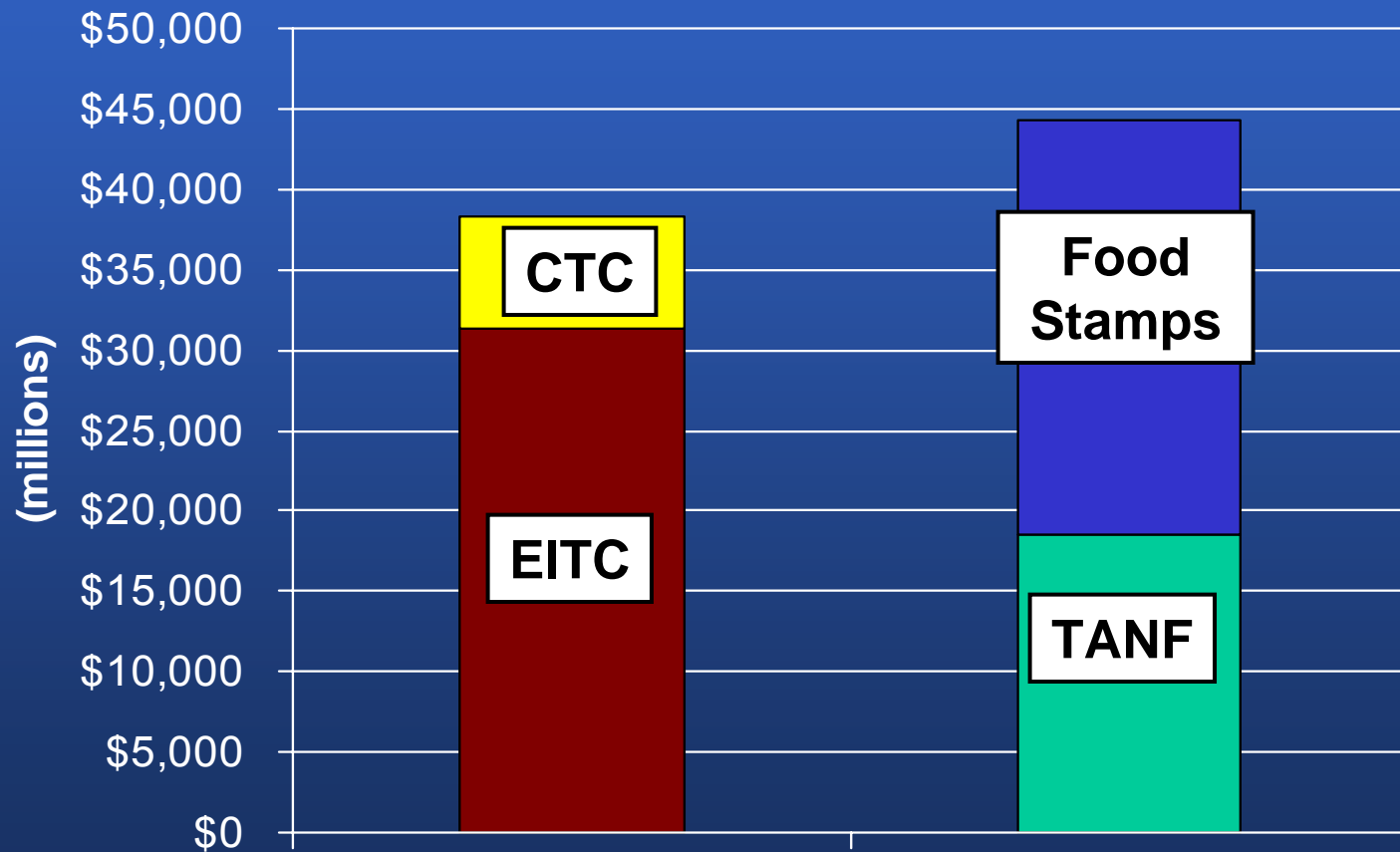
Income before and after taxes, \$7/hour worker with 2 children, 2003





Federal expenditures on the refundable EITC and CTC are comparable in size to those for traditional antipoverty programs

Projected federal outlays, FY2004





The EITC provides hundreds of millions of dollars to families in large cities and significant economic stimulus to neighborhoods

EITC received
by city, 10
largest cities,
TY2002

	EITC Received, TY2002	
	Total (\$1000)	Per Sq. Mile
New York, NY	1,452,200	4,787,999
Los Angeles, CA	586,197	1,249,621
Chicago, IL	517,934	2,280,642
Houston, TX	396,715	684,699
Phoenix, AZ	167,703	353,134
Philadelphia, PA	277,685	2,055,403
San Diego, CA	125,496	386,975
Dallas, TX	221,162	645,728
San Antonio, TX	231,963	566,640
Detroit, MI	217,507	1,567,052



A significant number of families miss out on thousands of dollars annually—and so do their cities

WHY? People fail to file taxes.

1. Many eligible filers don't know about the credit.
2. Some low-income families may fear that they'll owe taxes, and so don't file.
3. Others may know about the credit, but fear that they'll lose eligibility for other benefits.

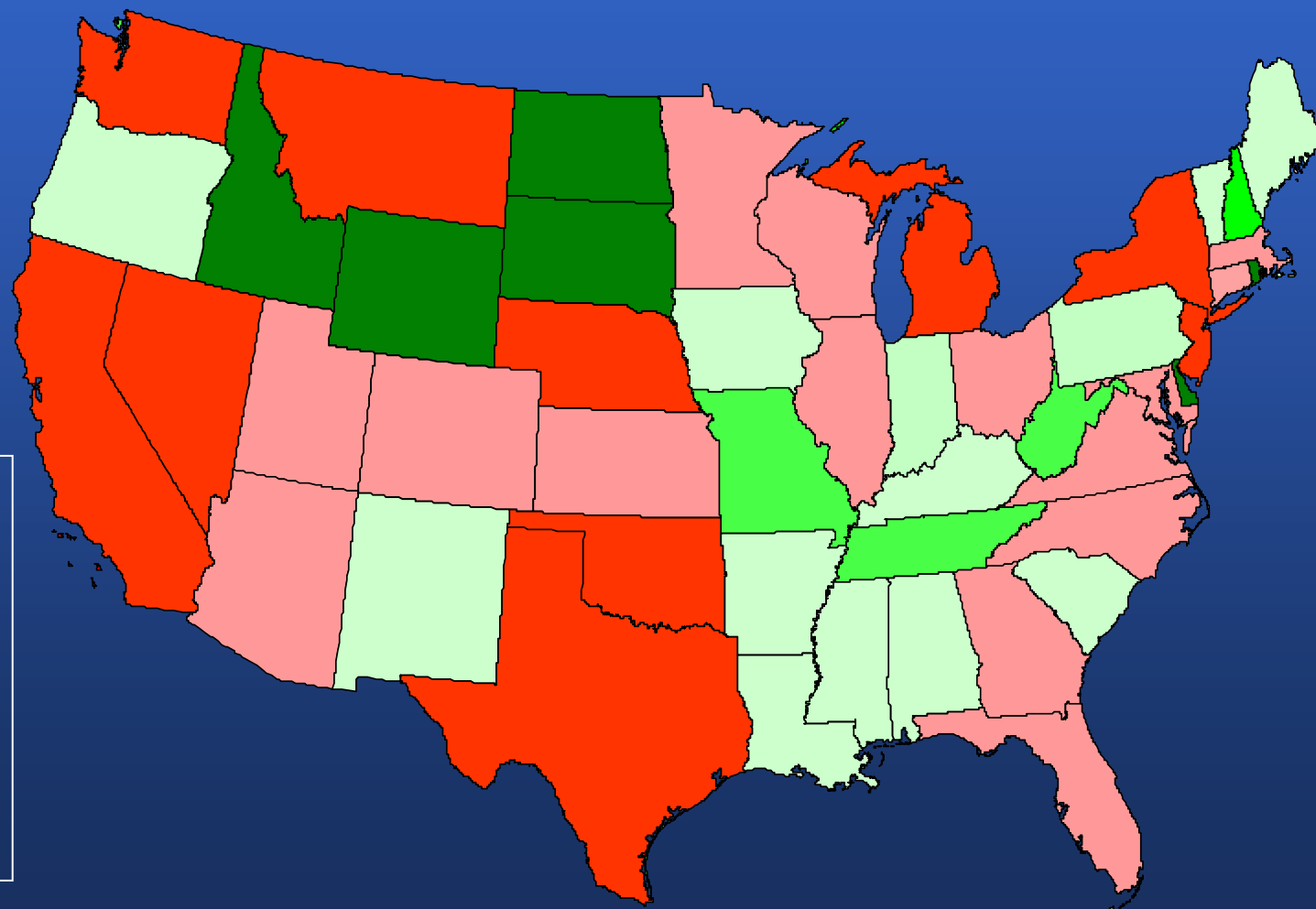
The only way to claim the EITC is to file a tax return.



Some miss out on the EITC

Not all eligible families receive the credit; nationally about 15% miss out, though this varies widely across the country

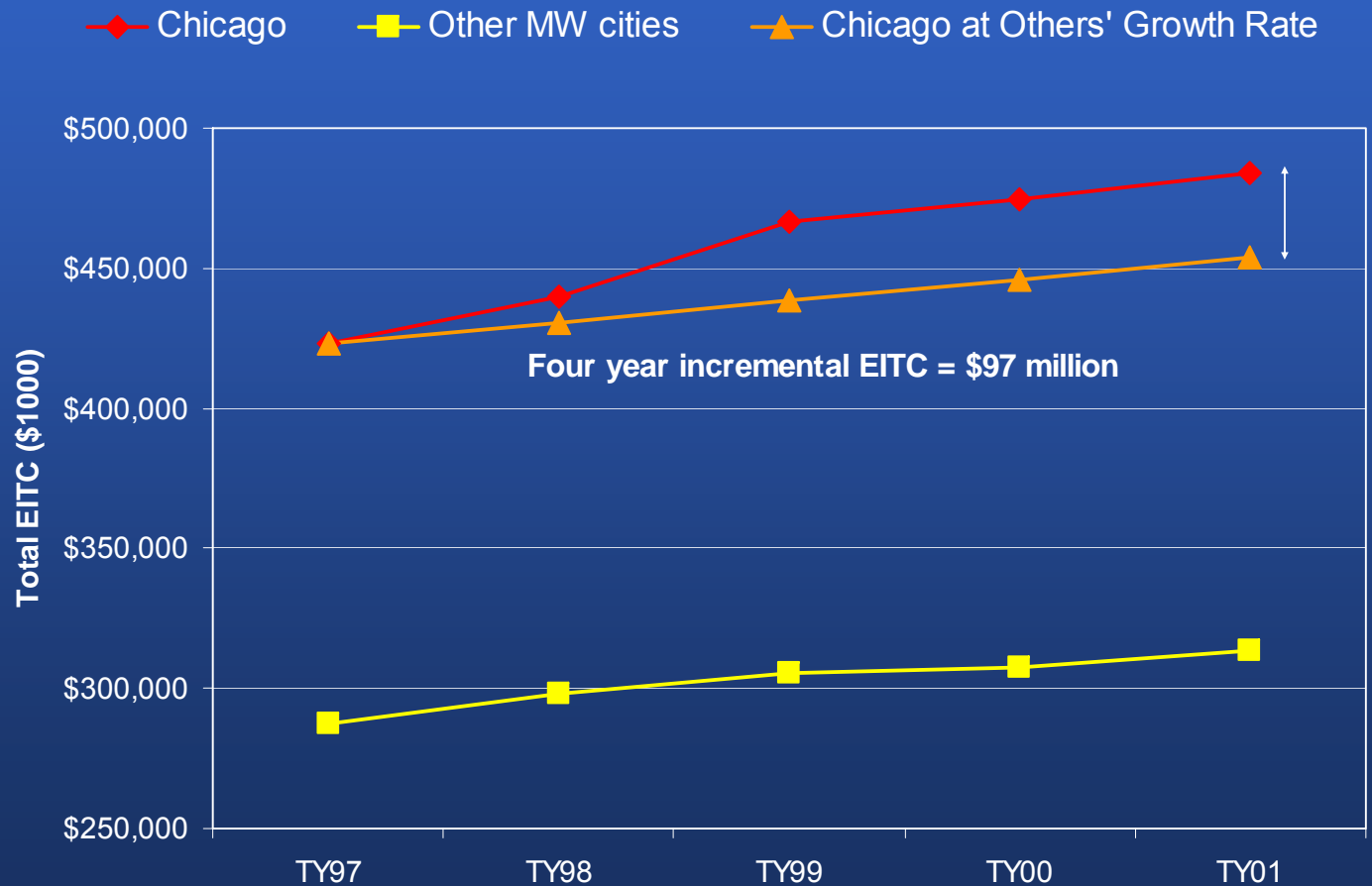
Percentage of eligible EITC recipients failing to file taxes, TY1996





Outreach in Chicago seems to have played a role in lifting EITC claims faster than in comparable cities

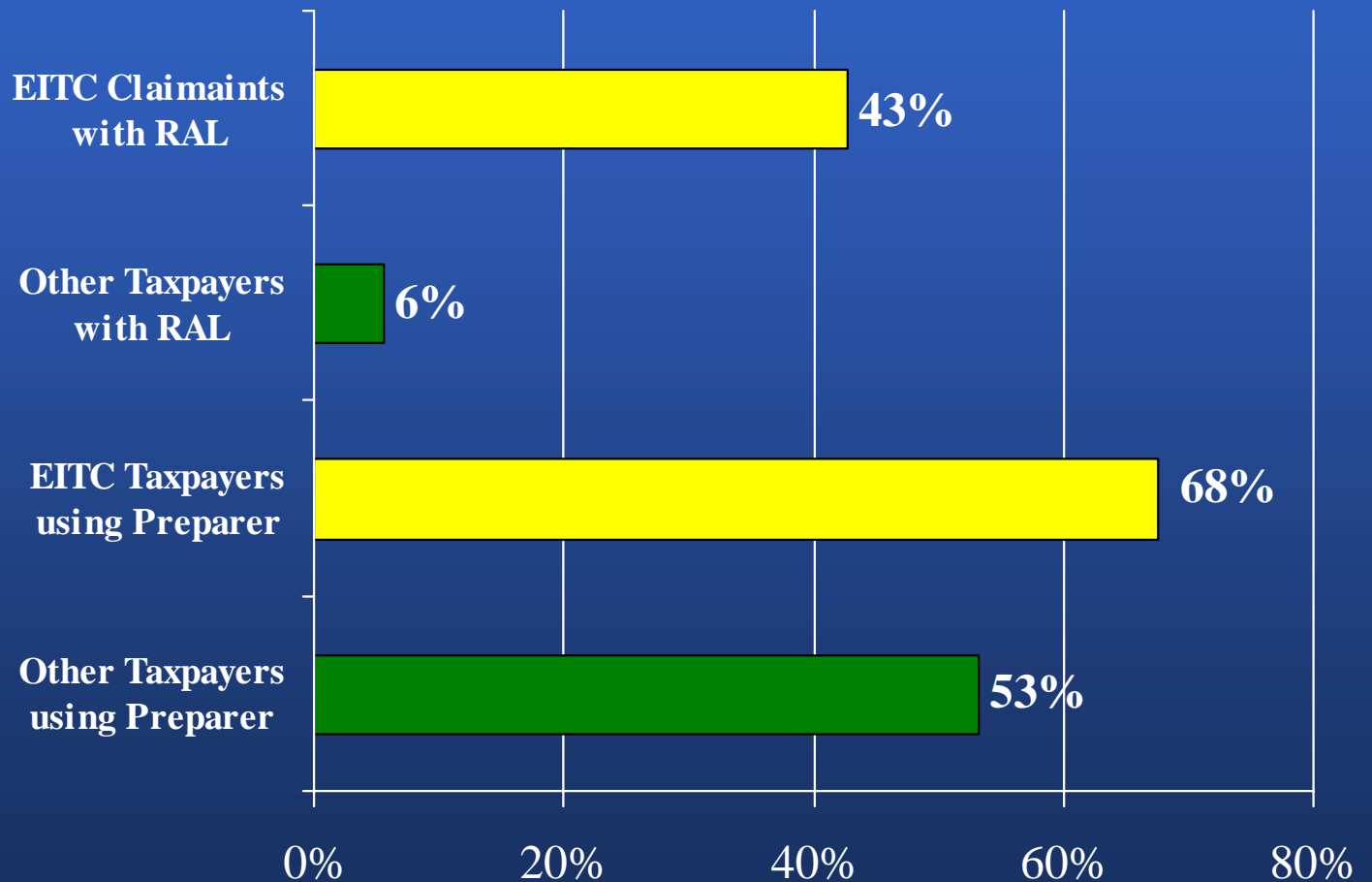
EITC claims, Chicago vs. similar Midwest cities, TY97-01





Low-income taxpayers are more likely to use paid preparers, and MUCH more likely to purchase a “refund anticipation loan”

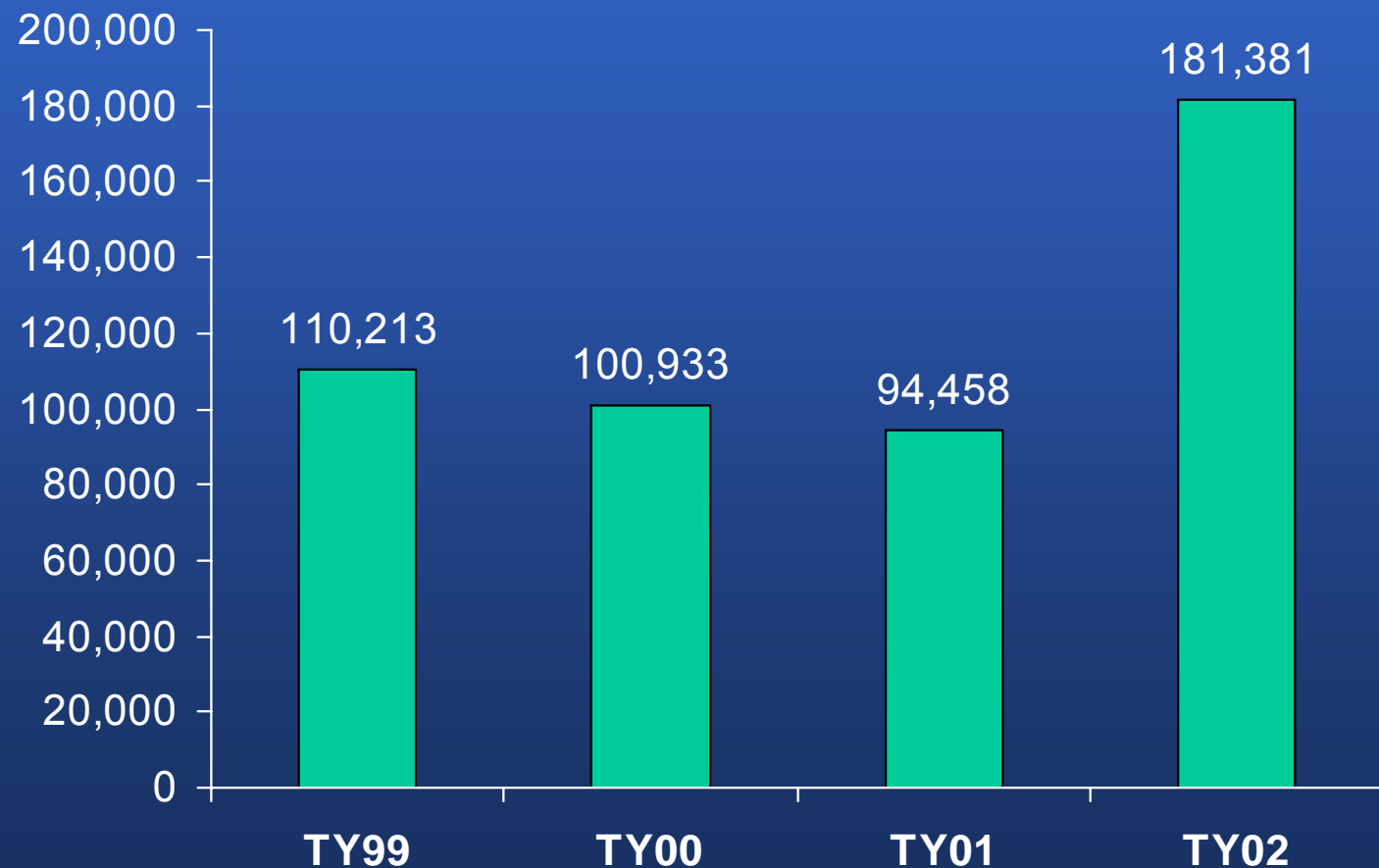
Use of paid preparers and refund loans, EITC filers vs. other taxpayers, TY01





Nationwide, the number of EITC filers using volunteer sites grew significantly from 2002-2003

Number of
EITC Returns
Prepared at
VITA sites,
TY99-TY02





Beyond the metrics, outreach campaigns generate other positive outcomes for low-income families

Those visiting tax prep sites....

- report that they are very pleased with the service
- get access to other information, services that they don't receive at commercial tax preparers

Campaigns create unique volunteer opportunities

- increased understanding of the importance of tax benefits for low-income families, prices they pay

Local officials become more effective advocates for progressive federal/state tax policy



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URBAN AND METROPOLITAN POLICY

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EITC SERIES

The "State" of Low-Wage Workers: How the EITC Benefits Urban and Rural Communities in the 50 States

An analysis of IRS Earned Income Tax Credit data across all 50 states finds that low-income working families live in large cities and rural areas in nearly equal numbers, creating common policy interests for supporters of urban neighborhoods and small rural towns alike.
February 2004

[more](#)

INTERACTIVE SITE (Preliminary tax year 2002 data)

View and download zip code-level information on EITC claims for states, counties, cities, and towns for tax years 1997 through 2002.

- ▶ [Create EITC tables](#)
- ▶ [How to use EITC data](#)

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