

Families Throughout Smaller Areas Benefit Significantly from EITC

A new Brookings report, “A Local Ladder for the Working Poor: The Impact of the Earned Income Tax Credit in U.S. Metropolitan Areas,” finds that: (1) metropolitan areas receive significant sums from the EITC, with a majority of dollars going to the suburbs; (2) the highest concentrations of EITC earners are in the central cities; and (3) spatial patterns of EITC receipt vary significantly by U.S. region. Findings from our study of 11 smaller areas in which the Knight Foundation is focused on working family investments echo many of those from the larger study:

■ **In 1998, the federal EITC provided over \$280 million to the 11 areas studied.** In the typical area, one out of every seven families (14.2 percent) earned the credit. Of the six areas in which we studied city/suburb distribution of the EITC, five had more EITC flow to their suburbs than their central city. Overall, two-thirds of EITC dollars in these six areas flowed to places outside the central city.

■ **The median percentage of families earning the EITC in the six central cities studied was 17.4 percent, versus 14.8 percent in their suburbs.** While the rate of EITC receipt was higher in the central cities than the suburbs, the areas studied here were characterized by a higher dispersal of working poor families than the 100 largest metros; in some areas, greater shares of families in the suburbs than in the cities earned the EITC. With over a quarter of all families earning the EITC, the Milledgeville, Georgia area (Baldwin County) had one of the highest region-wide rates of EITC receipt in the nation.

■ **As with the largest 100 metros, areas in the South had the highest shares of families earning the EITC.** The 11 areas studied included one in the Northeast, three in the Midwest, six in the South and one in the West. Working poor families lived throughout the Southern areas studied here—the Biloxi, Lexington and Myrtle Beach areas all had greater concentrations of EITC recipients in the suburbs than in the central city.

“A Local Ladder for the Working Poor” contains examples of how local leaders in areas like these can maximize the value of the EITC for their families and communities. See pages 7–11 of the report for more information on leveraging the effects of the EITC locally.



Distribution of EITC Dollars in Selected Knight Foundation Areas, 1998

Area	Central City		Suburbs		City Share of Metro EITC	City Share of Metro Pop'n	Concentration Index*
	% Filing for EITC	Total EITC Dollars (\$M)	% Filing for EITC	Total EITC Dollars (\$M)			
Biloxi, MS MSA	22.3	5.8	22.1	51.1	10.2	12.2	0.8
Bradenton, FL (Manatee County)	17.6	11.9	13.6	16.3	42.1	37.6	1.1
Duluth, MN-WI MSA	14.3	5.9	11.7	13.0	31.1	30.0	1.0
Fort Wayne, IN MSA	17.2	21.3	8.3	16.6	56.1	34.4	1.6
Lexington, KY MSA	12.9	21.8	15.9	22.1	49.6	53.7	0.9
Myrtle Beach, SC MSA	18.5	3.8	19.8	23.9	13.7	17.1	0.8
	Region						
	% Filing for EITC	Total EITC Dollars (\$M)					
Aberdeen, SD (Brown County)	10.8	2.5	-	-	-	-	-
Boulder, CO PMSA	7.7	14.2	-	-	-	-	-
Milledgeville, GA (Baldwin County)	25.5	6.6	-	-	-	-	-
State College, PA MSA	9.2	6.4	-	-	-	-	-
Tallahassee, FL MSA	19.6	38.7	-	-	-	-	-

* Defined as the central city's share of regional EITC dollars divided by the central city's share of regional population.
 Source: 1998 IRS Zip Code files.

NOTES

The John S. and James L. Knight Foundation supports the study of investments in working families in a number of small metropolitan areas that are not among the 100 largest studied in "A Local Ladder for the Working Poor." This insert extends our survey by providing information on the distribution of EITC dollars in 11 of these smaller metro areas. In five of these metro areas, zip code boundaries did not match central city jurisdictional boundaries well enough to allow for separate city/suburb estimates; regional estimates are provided for those metros. In two areas—Aberdeen, SD and Milledgeville, GA—we examine only the county containing the city, because neither area is part of an OMB-defined MSA. In Bradenton, FL, we examine only Manatee County, as the other county in the metro area contains the larger central city of Sarasota. See Section III of the report for general information on methodology.