



The National
Tax Assistance
For Working
Families Campaign

BUILD YOUR FUTURE WITH THE
EITC AND OTHER TAX CREDITS



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Contact: Ed Hatcher
301-379-2169
Susan Gilbert
703-628-6597

NEW RESEARCH SHOWS BENEFITS OF EARNED INCOME TAX CREDIT TO RURAL AND SUBURBAN COMMUNITIES

Brookings Report Counters Perception That EITC Primarily Helps Inner-Cities

SPRINGFIELD, IL. (February 3, 2004) – Rural and suburban communities are often the major beneficiaries of tax credits designed for low-income, working families, according to new research released today by the Brookings Institution.

The findings, presented at a policy briefing at the state capitol, challenge popular assumptions that low-income families are primarily located in inner-city neighborhoods.

The briefing was sponsored by the Annie E. Casey Foundation, which launched the National Tax Assistance For Working Families Campaign in 2003, and the Chicago-based Center for Economic Progress, one of the largest free statewide tax assistance programs in the nation.

“Concentrations of the working poor are clearly not just an inner-city phenomenon,” said Alan Berube, senior research analyst at the Brookings Center on Urban and Metropolitan Policy, and a co-author of the report. “The EITC makes a significant difference to low-income working families and the neighborhoods in which they live, whether those neighborhoods are in the suburbs, smaller cities or in the rural countryside. State governments nationwide, and especially in the South, can take a number of steps to build on the federal EITC to help more families access and use the credit to begin building assets.”

"This research demonstrates that EITC-eligible families are not geographically isolated but represent a significant portion of the workforce," says Ralph Smith, senior vice president of the Casey Foundation. "Supporters of large cities, small rural towns and suburban America clearly share a common interest in advancing a policy agenda that benefits low-income working families."

Based on tax year 2001, the report shows that EITC filers outside of large cities outnumbered their urban counterparts 14.3 million to 4.6 million. Similarly, \$8 billion in EITC funds flowed into large cities, compared to \$24.1 billion distributed to the suburbs and beyond. The report identifies 19 states, representing every region of the country, where families in large cities and rural areas are equally likely to benefit from the EITC.

The research also shows:

- Between tax years 2000 and 2002, there was an 8 percent increase in the number of families nationwide claiming the EITC.
- The highest concentration of EITC recipients form a solid band extending from southern Virginia to Texas. The Boston-Washington corridor houses the nation's lowest concentration of EITC recipients.
- Seven of the eight states where 20 percent or more tax filers received the EITC are located in the South. Lower wages are so pervasive in Alabama, Arkansas, Georgia, Louisiana, Mississippi, South Carolina, and Texas that the only places with below-average concentrations of low-income families are the suburbs of large cities like Atlanta.

The National Tax Assistance for Working Families Campaign is part of the Casey Foundation's efforts to help build family economic success. This year, more than 40 urban and rural sites across the country have joined the campaign. Local volunteers at the sites provide free assistance for filing tax returns and claiming the EITC and other tax credits, and frequently offer help in opening bank accounts, obtaining financial education or learning more about asset-building strategies.

The Center for Economic Progress (CEP) maintains 28 community-based sites across Illinois, including 13 in the Chicago area. The Casey Foundation and CEP are encouraging elected officials throughout the country to help raise awareness of the EITC and to lend their support to local and statewide free tax preparation assistance campaigns.

The EITC is considered the largest and most successful anti-poverty program in history. First enacted in 1975, it has been expanded four times, and it enjoys bi-partisan support. The tax credit can contribute a substantial amount of money to low-income families. For example, in tax year 2003, qualified workers who are raising more than one child, with a family income of less than \$33,692 (or \$34,692 for married workers), can claim an EITC of up to \$4,204.

“The ‘State’ of Low-Wage Workers: How the EITC Benefits Urban and Rural Communities in the 50 States” will be available online at www.brookings.edu/urban. The report includes color spatial mapping of EITC recipients at the national level, and full-page color maps of EITC receipt for each of the 50 states are available online.

*The **Brookings Institution** Center on Urban and Metropolitan Policy is redefining the challenges facing metropolitan America and promoting innovative solutions to help communities grow in more inclusive, competitive, and sustainable ways. Learn more at www.brookings.edu/urban.*

*The **Annie E. Casey Foundation** is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of United Parcel Service, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost-effective responses to these needs. For more information, visit www.aecf.org*

*Established in 1990, the **Center for Economic Progress** increases economic opportunities for low-income families, children, and individuals by improving access to public, private, and non-profit programs and services. Through advocacy, community services, outreach, and training, the Center challenges barriers facing its constituency, thus promoting economic empowerment and encouraging self-sufficiency. Learn more about the Center at www.centerforprogress.org*

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