

The Importance of the Earned Income Tax Credit and Its Economic Effects in Baltimore City



Prepared for
The Baltimore CASH Campaign

by

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Executive Summary

The Jacob France Institute of the University of Baltimore was retained by the Baltimore Cash Campaign to analyze the impact of the payments received by City residents through the Earned Income Tax Credit on the economy of Baltimore City. The France Institute also computed the amount of the credit “left on the table”, that is the amount of the credit that remains unclaimed by eligible City residents. The impact of these unclaimed tax credit payments was also analyzed for the potential impact on the City’s economy. Efforts to “capture” these unclaimed tax dollars would lead to the creation of jobs, wages, and tax revenue for Baltimore City.

- In Baltimore City, of nearly a quarter of a million Federal tax returns filed, 30% claimed the EITC for nearly \$131 million. For the Maryland EITC, 29% of City residents filing a tax return claimed the credit for a total of \$24.4 million.
- In Baltimore City, an estimated additional 18,337 persons could claim the federal EITC for a total of \$24,546,127 and an estimated 18,382 persons could claim the State EITC for a total of \$4,579,356.
- The Federal and State unclaimed EITC payments by Baltimore City residents total over \$29 million.
- The Federal and State EITC creates over \$102 million in economic output, over 1,000 jobs, and over \$30 million in wages in Baltimore City. If the EITC did not exist (and no other federal assistance program(s) replaced the EITC), none of these impacts within the City would occur.
- If full EITC program participation occurred, the unclaimed federal and State EITC would create an estimated additional \$19 million in economic output, nearly 200 jobs, and almost \$6 million in wages.
- Earned Income Tax Credit payments to City residents resulted in an estimated \$599,986 in tax revenue (\$225,918 in City Income tax revenue and \$374,068 in City property tax revenue).
- If full program participation in the EITC at both the federal and State level occurred, the City would have received an estimated additional \$112,497 in City income and property tax revenue.

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Introduction

The Jacob France Institute of the University of Baltimore was retained by the Baltimore Cash Campaign to analyze the impact of the payments received by City residents through the Earned Income Tax Credit on the economy of Baltimore City. The France Institute also computed the amount of the credit “left on the table”, that is the amount of the credit that remains unclaimed by eligible City residents. The impact of these unclaimed tax credit payments was also analyzed for the potential impact on the City’s economy. Section 1 of this report reviews the history of the EITC and Section 2 discusses the impact that the EITC has in reducing poverty, reducing welfare, and promoting work. Section 3 looks at the impact that both the claimed and unclaimed EITC payments have on the Baltimore City economy with regard to economic output, jobs, wages, and selected Baltimore City tax revenue.

1.0 History

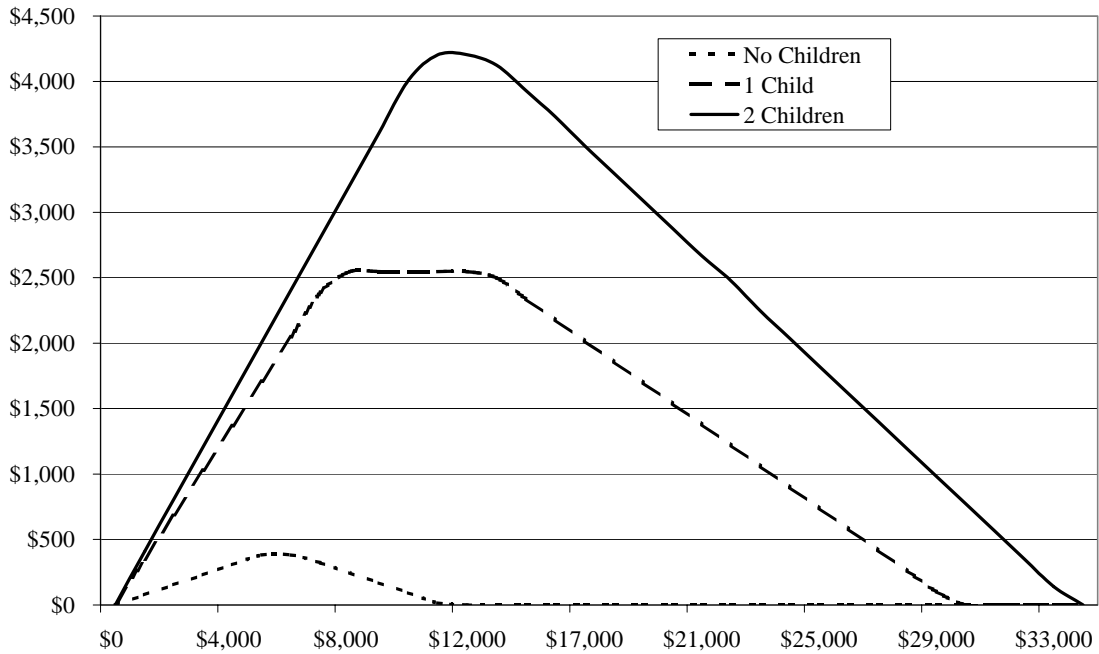
The EITC was created in 1975 by Congress to offset payroll taxes for low-income working families. With several expansions of the tax credit in the 1980’s and 1990’s, the EITC has become the largest federal aid program targeted to the working poor. Along with food stamps and TANF (Temporary Assistance for Needy Families), the EITC is one of the three largest federal income support programs. In addition to the federal EITC, 16 states and the District of Columbia have added their own state EITC programs. Denver, Colorado and Montgomery County, Maryland are the only local governments that have their own EITC programs in addition to the federal and state programs.

When it was originally designed, the EITC applied only to low-income working families with children. Since then, it has been expanded to include persons with no children that earn low incomes.¹ Similar to other tax credits, the EITC reduces the amount of the income tax owed, but unlike other tax credits, the EITC is refundable. This means that if the amount of the tax credit exceeds the tax liability, the remaining credit is returned to the taxpayer. If a taxpayer has no tax liability, the entire EITC can still be claimed in the form of a tax refund. It is estimated that roughly 87% of all EITC dollars are refunded to taxpayers.² The EITC was designed to have three stages. At the phase in stage, the amount of the credit increases as income earned increases. At the plateau stage, as income increases the credit remains the same. During the phase out stage, the amount of the credit decreases as the amount of income earned increases. The marital status, number of children claimed, and income of the taxpayer determine the overall amount of the credit. Graph 1 shows the structure of the EITC in tax year 2003 for single head of household filers and Graph 2 shows the structure of the EITC for married persons filing jointly.

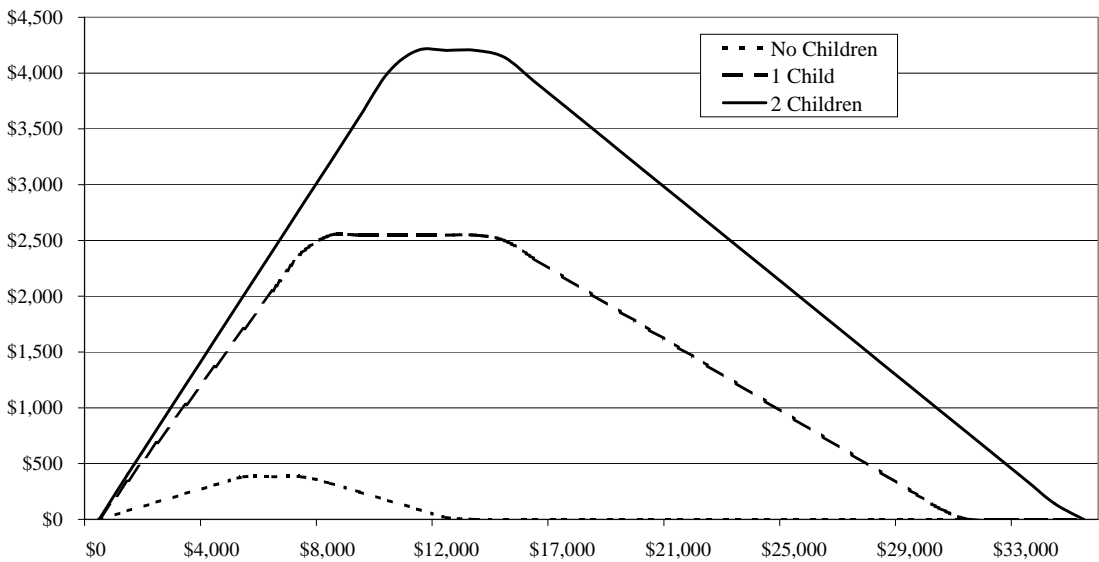
¹ Persons who are married and filing a tax return as a single individual cannot claim the EITC.

² Berube, Alan. January 2003. *Rewarding Work Through the Tax Code: The Power and Potential of the EITC in 27 Cities and Rural Areas*. The Brookings Institution.

Graph 1
Structure of EITC in TY 2003, Single Head of Household Filers



Graph 2
Structure of EITC in TY 2003, Married Filing Jointly



The EITC was originally proposed by President Nixon and supported and expanded by both Democrats and Republicans. President Reagan called it “the best anti-poverty, best pro-family, best job-creation measure to come out of Congress”.³ The EITC program is a politically

³ Levinson, Mark. *The War on Work*. Newsweek, Volume 126, Issue 14.

acceptable program for several reasons. The first reason is that it is not a traditional entitlement program. The EITC is for families and individuals earning low incomes. Thus, in order to claim the credit, the person claiming the credit must be working. The second reason is that the EITC is seen as a targeted program that reduces taxes but raises pay. An argument against the minimum wage is that it is not well targeted, and provides higher wages to teenage workers, second-income earners, and workers in non-poor households, whereas the EITC raises the wages of working families. A third reason that the EITC is supported is that the refund that taxpayers receive is re-spent into the economy providing an additional spending stream. Finally, the program is so widely accepted and supported by both businesses and by social service advocates that there exist few complaints against the EITC program.

Unlike other federal assistance programs, the EITC is implemented through the Internal Revenue Service (IRS). This creates several important benefits. The first benefit is that of low administrative costs. Administrative costs for traditional cash assistance programs and food stamps can run as high as 15%, whereas the administrative cost of the EITC is roughly 1%.⁴ A second benefit is that the EITC program is an efficient program. According to a General Accounting Office study, the EITC has an estimated overall participation rate of 75% nationwide, with an even greater rate of participation among families with one or two children.⁵ A third benefit that arises from the IRS administering the EITC is that it does not raise employer costs. An employer does not have to file any documentation for an employee claiming the tax credit. State EITC programs, with the exception of Minnesota, calculate their tax credit as a percentage of the federal credit, making state EITC programs easy to administer.

Studies have shown that the effect of the EITC has been mitigated by several factors. Due to the overall complexity of the tax code and families hoping to maximize their tax deductions, the use of paid tax preparation services can reduce the tax benefit that the EITC can provide. In 1999, the percentage of families that claimed the EITC and used a professional tax preparation service was 68%.⁶ The amount of the credit received by persons and families claiming the EITC are also decreased through the use of “rapid refund” loans to consumers. While this places the refund in the pocket of the individual quicker, the fees associated with this option can be substantial. The fees associated with paid tax preparation and rapid refunds decreases the benefits that the EITC provides to the working poor. In 1999, it was estimated that \$1.75 billion in EITC payments went toward paying for tax preparation, electronic filing, and high-cost refund loans.⁷

2.0 The Importance of the Earned Income Tax Credit

The tax credit’s importance is best seen through its greatest impacts. The EITC is widely lauded because of its effects on poverty, welfare, and work. This section briefly reviews research compiled on the beneficial effects of the EITC.

⁴ Wirtz, Ronald. June 2003. *Anti-Poverty Design: The Cash-Out Option*. Federal Reserve Bank of Minneapolis.

⁵ United States General Accounting Office. 2001. *Earned Income Tax Credit Participation*. GAO-02-290R.

⁶ Internal Revenue Service. 2002. “Earned Income Tax Effectiveness and Program Management FY1998 – FY2002.”

⁷ Berube, Alan. January 2003. *Rewarding Work Through the Tax Code: The Power and Potential of the EITC in 27 Cities and Rural Areas*. The Brookings Institution.

2.1 Poverty

The EITC is an effective tool for reducing the number of persons, both adults and children, living in poverty. A Brookings Institution study in 2003 found that in 27 urban and rural areas nationwide the EITC boosted the annual incomes of families an average of \$1,700 or 13%.⁸ This boost in income pushes both individuals, many whom are children, and families above the poverty line. In 1998, Current Population Survey data showed that the EITC lifted 4.8 million persons, of which 2.6 million were children, above the poverty line.⁹ **No government program lifts more children out of poverty than the EITC.** With the addition of state EITC programs, the number of persons, families, and children raised above the poverty line increases markedly.

While workers earning low incomes are exempt from paying taxes, the refundable nature of the EITC allows for these persons to collect the tax credit thus boosting their income. There are two ways to receive the tax credit. The first is through receiving the EITC as an annual tax refund. The second is to receive a portion of the credit in each paycheck. Nearly all EITC recipients have the credit applied to their tax return. This lump payment allows for flexibility in how the credit is used. There exists a perception that this lump sum is used for non-necessities, but a study conducted in 2000 found that the highest priorities for EITC spending was for paying bills, followed by larger purchases.¹⁰ Other research has found that the tax credit has been used for paying tuition, purchasing a home or upgrading a residence, purchasing a vehicle, or for purchasing entertainment.

2.2 Welfare

Another important role that the EITC plays is that it is an effective means of reducing the number of individuals receiving welfare. Only those persons working are eligible for the EITC, therefore the tax credit encourages work, and provides an incentive for an individual to move from welfare to work. It has been estimated that the EITC is responsible for as much as one-third of the decrease in the welfare rolls from 1993 to 1999.¹¹ Research conducted by Dickert, Hauser, and Scholtz estimated that the 1993 expansion of the federal EITC decreased participation in the Food Stamp and AFDC programs by over 7%. This meant that the expansion of the tax credit induced more than 500,000 families nationally to leave welfare.¹² Another feature of the EITC that reduces the number of persons receiving welfare is that it is a program that is available to both individuals with and without children and families as well. Most welfare programs are available only to single mothers.

An added feature of the EITC is that it mitigates the reduction in benefits that welfare recipients experience as they earn higher incomes. By claiming the tax credit a person is not disallowed from receiving welfare assistance programs. There is a high benefit reduction in welfare assistance as earnings increase. Robert Moffitt of Johns Hopkins University has found

⁸ Berube, Alan. January 2003. *Rewarding Work Through the Tax Code*. The Brookings Institution.

⁹ Maryland Budget and Tax Policy Institute. February 2000. *The Earned Income Credit: Does it Work?*

¹⁰ Smeeding, Phillips, O'Connor. *The EITC: Expectation, Knowledge, Use, and Economic and Social Mobility*. National Tax Journal. Volume LIII, No. 4, Part 2.

¹¹ Grogger, Jeffery. 2003. *Welfare Transitions in the 1990's; The Economy, Welfare Policy, and the EITC*. National Bureau of Economic Research.

¹² Maryland Budget and Tax Policy Institute. February 2000. *The Earned Income Credit: Does it Work?*

that net wages matter in the work decisions of welfare recipients.¹³ By allowing welfare recipients to additionally claim the EITC, there is no disincentive for work.

The EITC is also simpler to claim than applying for assistance from traditional welfare programs. The EITC is administered through the IRS, meaning that it is a single form that is filled out and submitted with a person's tax return. Traditional welfare programs typically require a person to visit a welfare office, meet with a caseworker, and fill out an application for assistance. Then the application must be approved and is reexamined periodically, usually every six months. The EITC requires no travel or process of application and approval. If a person qualifies as being eligible for the EITC, it is calculated into their yearly tax return. This easy process means that there is a higher participation rate for the EITC and that persons who might be eligible for welfare might prefer the ease at which they can claim the EITC as opposed to other assistance programs.¹⁴

2.3 Employment

As previously mentioned, only persons who have a job and are earning an income are eligible for the EITC. This is another important feature of the EITC. The tax credit encourages work, unlike other assistance programs. Additionally, as mentioned before, claiming the EITC does not limit the ability to claim assistance from other welfare programs, such as TANF, SSI, Medicaid, Food Stamps, or low-income housing. So, while a person makes the transition to work and income rises, the EITC provides a tax credit of up to 40 cents per dollar earned, while other assistance from entitlement programs declines.

The EITC has been found to have a positive effect upon labor force participation. The EITC provides additional incentives for non-workers to enter the labor force, thereby having lasting effects like limiting long-term unemployment and building human capital. Research completed by Jeffery Leibman noted that from 1984 to 1996 the labor force participation rate of single women with children increased from 73% to 82% and that the EITC was responsible for 60% of this increase. In other words, the EITC induced 20% of single women with children not previously working to begin working.¹⁵ The EITC expansion of 1993 is estimated to have increased the labor force participation rate of single parent families by over 3% due to the EITC impact on net wages.¹⁶ The expansion of the credit in 1993 increased the net wages of low-income, single parents by a total of 15%. These effects are magnified by the addition of state and local EITC programs.

Economic theory suggests that the number of hours worked by persons claiming the credit would decrease for two reasons. First, the credit provides a higher income so there is a disincentive to work the number of hours that translate to the highest amount of the credit. Second, the phase-out stage of the credit reduces the amount of the credit earned acting like a "tax" on earnings. The few studies that have looked into this issue have found that the EITC has a negligible effect on the number of hours worked.

¹³ Moffitt, Robert. March 1992. *Incentive Effects of the U.S. Welfare System: A Review*. Journal of Economic Literature.

¹⁴ The Internal Revenue Service is moving towards pre-certification of EITC claimants.

¹⁵ Leibman, Jeffery. October 1997. *The Impact of the Earned Income Credit on Incentives and Income Distribution*.

¹⁶ Dickert, Hauser, Scholz. 1995. *The Earned Income Credit and Transfer Programs: A Study of Labor Market and Program Participation*. Tax Policy and the Economy, Vol. 9, MIT Press.

2.4 Examples of Local EITC Promotion Efforts

Communities nationwide have begun to realize the positive impacts that the EITC promotes. The Annie E. Casey foundation established the National Tax Assistance for Working Families Campaign to build the capacity and efforts of local EITC promotion and tax assistance campaigns. There are currently 34 local sites involved with the National Tax Assistance for Working Families Campaign. Below are several examples of efforts by cities and organizations to promote awareness of the EITC among residents.

Baltimore, Maryland

- The Baltimore CASH Campaign is designed to help low- to moderate-income families benefit from substantial tax credits, such as the Earned Income Tax Credit (EITC), as well as free tax preparation through Volunteer Income Tax Assistance (VITA) sites. It is also working to connect more families to economic opportunities centered around financial education, free savings accounts, housing counseling, and Individual Development Accounts (IDAs; matched savings accounts) that can help them use tax credits to achieve family economic success.
- The Baltimore CASH Campaign was started in the 2000-2001 tax season, and is the work of a group comprised of non-profits, businesses, the Office of the Mayor and other city agencies, local foundations, and the Internal Revenue Service, in coordination with the Maryland EIC Campaign (www.mdchildcare.org/eic) and the National Tax Assistance for Working Families Campaign.
- For the tax season 2003-04, the Baltimore CASH Campaign prepared approximately 3,875 tax returns at 14 sites, bringing over \$6.5 million in Federal tax refunds to Baltimore communities, of which \$2.6 million was Earned Income Tax Credit (EITC), and saving clients an estimated \$580,000 in tax preparation fees.

Boston, Massachusetts

- Boston Earned Income Tax Credit (EITC) Campaign was a tremendous success this season, returning more than \$5 million in Federal and State refunds to Boston residents.
- Boston's EITC Campaign officially kicked off in February 2003 with the opening of 16 free tax prep sites throughout the city. These free tax prep sites served almost 4,000 residents who qualified for the EITC, returning more than \$2.2 million in tax credits and more than \$5 million in federal and state refunds.
- The EITC now generates more than \$1 billion per year for the New England economy. According to early estimates from the IRS, Suffolk County will see a 10% increase in EITC participation and a 13% increase in dollars returned from the previous year. That means that this year in Suffolk County almost 50,000 EITC claims will be processed and approximately \$75 million will be returned to working individuals and families.

Des Moines, Iowa

- The Des Moines Coalition launched the Earned Income Tax Credit 2003 campaign in January for Volunteer Tax Assistance and Asset Building. Over \$1 million was returned to the community.

- 125 bank accounts were opened through the tax sites saving \$29,120 in check cashing fees.
- Filers saved more than \$700,000 in tax preparation fees and services.
- The minimum credit claimed was \$1,402 and the maximum credit claimed was \$5,374.
- 175 filers planned to use all or part of their 2002 refunds to reduce their debt load; they planned to use a total of more than \$76,000 for this purpose.
- Nearly 300 filers planned to save or invest all or part of their 2002 refunds; the total amount these filers planned to save was more than \$248,000.

Philadelphia, Pennsylvania

- Now in its second year, The Campaign for Working Families promotes free filing of EITC at 19 free tax-filing sites throughout Philadelphia.
- In its first year, in 2003, Philadelphia's Campaign for Working Families brought in more than \$10 million (\$10,244,000) went to low and moderate income working families in Philadelphia. This amount includes the Earned Income Tax Credit (EITC), child tax credit and dependent care credit. One hundred percent of the refunds went directly to the tax filers.
- Volunteer tax preparers filed for the EITC for 2,708 individuals; total EITC dollars brought in was \$3,924,622.
- The preparation of tax returns by 325 Campaign volunteers resulted in a savings of \$1.5 million for low and moderate income working families, who did not have to pay commercial tax preparers an average of \$165 per tax return.
- Citizens, PNC and First Union Banks adopted a total of 11 tax filing sites, providing information to filers about banking services and credit repair. This resulted in more than 160 filers opening new bank accounts, and directly depositing their tax credits. Also, 280 people received six hours of training on the basics of financial literacy.
- The Campaign received 11,515 calls through its city-supported 24-hour Interactive Voice Response (IVR) telephone information line. The phone line provided information to callers about EITC eligibility and tax filing sites, in Spanish and English.

Tulsa, Oklahoma

- With the help of the Internal Revenue Service (IRS) VITA Program, community partners supplying in-kind services, facilities, and equipment, and local volunteers serving as tax preparers, the Community Action Project (CAP) EITC Program prepared a record 12,667 returns during 10 weeks of the 2001 tax season and brought almost \$14 million back into the economy of Tulsa.

Chicago, Illinois

- The Brookings study found that 264,063 Chicago households--one-quarter of the city's taxpayers--received \$462 million in earned income tax credits in 2000 - those funds are usually recycled directly back into the local economy.

- In 2003, this program helped 16,500 families obtain approximately \$21.5 million in tax returns, a more than 20 percent increase over 2002. The average EITC refund was \$1,880 and the city had 25 free tax preparation sites. In addition, for the first time, many of the free tax preparation sites had bank representatives on hand, making it possible for a low income taxpayer to open a bank account while getting his or her taxes prepared free of charge.
- In 2004, the city has expanded the number of free tax preparation sites to 28.

New York City, New York

- The Earned Income Tax Credit (EITC) Project can be worth up to \$5,000 a year for working families, but 230,000 eligible New Yorkers each year don't get the benefit, leaving nearly half a billion dollars unclaimed.
- In 2002, Community Food Resource Center (CFRC) launched the EITC campaign to help low-income, working New Yorkers access federal and state tax credits. As a result, CFRC completed and electronically filed federal and state tax returns for 2,200 people free of charge at sites in Manhattan, Brooklyn, and the Bronx, resulting in tax refunds of over \$3.2 million dollars.
- In 2003, CFRC continued its campaign to inform New Yorkers about EITC and provided free tax-filing assistance to eligible workers. Community volunteers, working at nine sites including partnership with four unions, completed almost 10,000 federal and state tax returns, resulting in refunds of \$18 million. In addition, more than 15,000 New Yorkers received information through our English and Spanish toll-free hotlines.

3.0 The Impact of the EITC on Baltimore City

The preceding section documents the importance of the EITC in reducing poverty, and welfare, and promoting work. The France Institute used federal EITC payments data for Baltimore City provided by the Brookings Institution, and State EITC payments data provided by the Maryland Office of the Comptroller, to calculate the impacts that the EITC has on the Baltimore City economy. What is not known though, is the amount of the tax credit that remains unclaimed by City residents and the effects that these tax credit dollars would have on the City's economy. This report attempts to estimate these unclaimed resources and their effects in Baltimore City. There are several reasons why there is not full participation among City residents in claiming the EITC. Some of these reasons may include a lack of knowledge about the EITC, failure to file a tax return, or being unsure if a family or person is eligible for the EITC. **Efforts to “capture” these unclaimed tax dollars would lead to the creation of jobs, wages, and tax revenue for Baltimore City.**

Table 1 provides information as to the number of persons claiming the Federal and State EITC and the amounts of these EITC payments in Maryland and Baltimore City. Both for the Federal and State EITC, Baltimore City is over one-fifth of the number of persons that claim the credit and the amount of payments in Maryland. For the Federal EITC, 23% of the persons claiming the credit in Maryland reside in the City and 21% of the payments are in Baltimore City. For the State EITC, 23% of the persons claiming the credit reside in Baltimore City and 24% of the payments are in Baltimore City. The total amount of federal EITC payments in Baltimore City totaled \$131 million and the State EITC payments totaled \$24.4 million.

Table 1
Number of Persons Claiming Federal & State EITC & Amount of EITC Payments
in Maryland and Baltimore City, TY 2002

	Maryland	Baltimore City	Baltimore City as a % of Maryland
Federal EITC			
Number of Persons Claiming EITC	321,110	73,348	23%
Amount of Payments	\$536,989,865	\$130,912,678	24%
State EITC			
Number of Persons Claiming EITC	319,770	73,529	23%
Amount of Payments	\$116,080,247	\$24,423,234	21%

Source: Brookings Institution, Maryland Office of the Comptroller,
and The Jacob France Institute

Table 2 presents the federal EITC payments made to City residents for tax year 2002 by zip code. Of nearly a quarter of a million tax returns filed, 30% claimed the EITC for nearly \$131 million. Using the GAO estimate that the EITC participation rate nationwide is approximately 75%¹⁷ and that unclaimed payments are estimated to be 75% of the payments that have already been claimed¹⁸, it is possible to estimate the amount of unclaimed EITC payments in Baltimore City. The unclaimed payments are estimated to be smaller than claimed payments on the basis that the persons who would receive the greatest benefit would already be claiming the credit, or that they do not feel that the refund provided by the EITC would be worth claiming. An estimated \$24.5 million in additional EITC payments could be paid to Baltimore City households if full participation in the EITC program occurred, given the GAO and Brookings Institution estimations. Table 3 shows that for the Maryland EITC, 29% of City residents filing a tax return claimed the credit for a total of \$24.4 million. The estimated amount of unclaimed payments totaled \$4.6 million. In Baltimore City, an estimated additional 18,337 persons could claim the federal EITC for a total of \$24,546,127 and an estimated 18,382 persons could claim the State EITC for a total of \$4,579,356 (see Table 4). **The Federal and State unclaimed EITC payments by Baltimore City residents total over \$29 million.**

¹⁷ United States General Accounting Office. 2001. *Earned Income Tax Credit Participation*. GAO-02-290R

¹⁸ The Brookings Institution. *Using EITC Data – A Guide*.

Table 2
Federal EITC Payments Made to Baltimore City Residents
And Estimated Unclaimed EITC Payments
By Zip Code

Zipcode	Total Returns	EITC Returns	EITC as a % of Total	Federal EITC Payments	Estimated Unclaimed EITC Payments
Total	248,460	73,348	30%	\$130,912,678	\$24,546,127
21201	5,595	1,588	28%	\$2,834,933	\$531,550
21202	5,989	2,267	38%	\$3,970,413	\$744,452
21203	727	169	23%	\$270,437	\$50,707
21205	5,938	3,037	51%	\$5,919,381	\$1,109,884
21206	22,036	5,886	27%	\$10,287,283	\$1,928,866
21209	10,580	591	6%	\$771,431	\$144,643
21210	5,133	129	3%	\$102,424	\$19,205
21211	7,502	1,260	17%	\$1,942,382	\$364,197
21212	13,821	2,339	17%	\$3,899,264	\$731,112
21213	13,332	5,822	44%	\$10,578,790	\$1,983,523
21214	8,992	1,646	18%	\$2,676,634	\$501,869
21215	23,312	8,314	36%	\$14,941,936	\$2,801,613
21216	12,538	5,109	41%	\$9,561,776	\$1,792,833
21217	12,529	6,119	49%	\$11,460,591	\$2,148,861
21218	18,495	5,778	31%	\$10,368,306	\$1,944,057
21223	9,364	4,631	49%	\$8,763,264	\$1,643,112
21224	20,030	5,042	25%	\$8,794,546	\$1,648,977
21229	20,060	5,955	30%	\$10,596,718	\$1,986,885
21230	13,772	3,003	22%	\$5,339,063	\$1,001,074
21231	5,635	1,488	26%	\$2,591,424	\$485,892
21233	12	12	100%	\$24,584	\$4,610
21235	10	1	10%	\$1,464	\$275
21239	12,968	3,136	24%	\$5,175,091	\$970,330
21270	35	12	34%	\$18,799	\$3,525
21281	32	6	19%	\$9,952	\$1,866
21287	23	8	35%	\$11,792	\$2,211
21297	0	0	0%	\$0	\$0

Source: Brookings and The Jacob France Institute

Table 3
Maryland State EITC Claimed
And Estimated Unclaimed Amount to Baltimore City Residents

	Total Returns	EITC Returns	EITC as a % of Total	State EITC Payments	Estimated Unclaimed EITC Payments
Total	254,329	73,529	29%	\$24,423,234	\$4,579,356

Source: MD Comptrollers Office and The Jacob France Institute

Table 4
Estimated Unclaimed EITC Returns and Payments
to Baltimore City Residents

	Number of Unclaimed Returns	Amount of Unclaimed Payments
Total		\$29,125,483
Federal EITC	18,337	\$24,546,127
Maryland EITC	18,382	\$4,579,356

Source: The Jacob France Institute

3.1 The Economic, Employment, and Earnings Impact of the EITC in Baltimore City

The expenditures associated with EITC payments to City residents are circulated within the City’s economy and become income for both residents and businesses. This creates “spin-off” or “multiplier” effects as this money is spent and re-spent within the economy. Thus each dollar of new spending creates more than one dollar in economic impact, as that spending is earned and, in-turn, spent by others within the City. It was assumed that two-thirds of the payments made to City residents were re-spent within the City’s economy.¹⁹ Once the level of spending in the economy is known, it is entered into an economic model to determine the change in economic output, employment, and earnings attributable to the EITC.²⁰

Table 5 shows the amount of spending attributable to both the claimed and unclaimed EITC payments in Baltimore City. The largest amount of spending occurs in the real estate sector followed by the retail sector. Table 6 and Table 7 shows the economic impacts due to the local spending that occurs from City households receiving EITC payments. Spending resulting

¹⁹ In addition to this assumption, retail expenditures within the City’s economy were margined.

²⁰ The Jacob France Institute used the IMPLAN input-output model. See the methodology section for a more complete description of economic modeling.

from households receiving the federal EITC creates \$86 million in economic output, 894 jobs, and \$26 million in wages paid by City companies. The State EITC creates \$16 million in economic output, 167 jobs, and \$4.9 million in wages. Combined, the federal and State EITC creates over \$102 million in economic output, over 1,000 jobs, and over \$30 million in wages in Baltimore City. If the EITC did not exist (and no other federal assistance program(s) replaced the EITC), none of these impacts within the City would occur. **If full program participation occurred, the unclaimed federal and State EITC would create an estimated additional \$19 million in economic output, nearly 200 jobs, and almost \$6 million in wages.** Appendix Tables 1 through 12 provide the impacts of the claimed and unclaimed EITC payments for Baltimore City by sector of the economy.

Table 5
Estimated Baltimore City Spending Attributable
To Federal and State EITC Payments
And Estimated Unclaimed Federal and State EITC Payments

Spending Area	Federal EITC Payments	Estimated Unclaimed Federal EITC Payments	State EITC Payments	Estimated Unclaimed State EITC Payments
Total	<u>\$59,908,725</u>	<u>\$11,232,886</u>	<u>\$11,176,648</u>	<u>\$2,095,621</u>
Utilities	\$7,597,204	\$1,424,475	\$1,417,344	\$265,752
Transportation	\$743,797	\$139,462	\$138,764	\$26,018
Retail Trade	\$9,778,753	\$1,833,517	\$1,824,336	\$342,063
Finance & Insurance	\$2,657,822	\$498,341	\$495,846	\$92,971
Real Estate	\$19,289,650	\$3,616,810	\$3,598,702	\$674,757
Educational Services	\$3,022,086	\$566,641	\$563,804	\$105,713
Health Care	\$6,730,164	\$1,261,906	\$1,255,588	\$235,423
Arts, Entertainment & Recreation	\$3,761,520	\$705,285	\$701,754	\$131,579
Restaurants	\$4,921,933	\$922,862	\$918,242	\$172,170
Personal Services	\$1,405,799	\$263,587	\$262,268	\$49,175

Source: Bureau of Labor Statistics, Internal Revenue Service, and MD Comptrollers Office

Table 6
Economic Impact Summary
Total Economic Impacts of Federal and State EITC Payments
And Estimated Unclaimed Federal and State EITC Payments

Impact	Federal EITC Payments	Estimated Unclaimed Federal EITC Payments	State EITC Payments	Estimated Unclaimed State EITC Payments
Local Spending Impacts	\$59,908,725	\$11,232,886	\$11,176,648	\$2,095,621
<u>Economic Impacts</u>				
Economic Output	\$86,146,489	\$16,152,467	\$16,071,598	\$3,013,424
Employment	894	168	167	31
Employment Compensation	\$25,965,561	\$4,868,543	\$4,844,168	\$908,281

Source: IMPLAN and The Jacob France Institute

Table 7
Total Economic Impacts of Federal and State EITC Payments
And Estimated Unclaimed Federal and State EITC Payments
By Type of Impact

Item	Federal EITC Payments	Estimated Unclaimed Federal EITC Payments	State EITC Payments	Estimated Unclaimed State EITC Payments
<u>Economic Output</u>				
Direct Impact	\$59,908,725	\$11,232,886	\$11,176,648	\$2,095,621
Indirect Impact	\$14,452,796	\$2,709,899	\$2,696,332	\$505,562
Induced Impact	<u>\$11,784,968</u>	<u>\$2,209,681</u>	<u>\$2,198,619</u>	<u>\$412,241</u>
Total Impact	\$86,146,489	\$16,152,467	\$16,071,598	\$3,013,424
<u>Employment</u>				
Direct Impact	635	119	118	22
Indirect Impact	140	26	26	5
Induced Impact	<u>119</u>	<u>22</u>	<u>22</u>	<u>4</u>
Total Impact	894	168	167	31
<u>Employee Compensation</u>				
Direct Impact	\$17,044,377	\$3,195,821	\$3,179,820	\$596,216
Indirect Impact	\$5,064,832	\$949,656	\$944,901	\$177,169
Induced Impact	<u>\$3,856,352</u>	<u>\$723,066</u>	<u>\$719,446</u>	<u>\$134,896</u>
Total Impact	\$25,965,561	\$4,868,543	\$4,844,168	\$908,281

Source: IMPLAN and The Jacob France Institute

Using the Brookings Institution data, it is possible to calculate the spending and economic output by zip code. Table 8 shows that the City zip codes having the greatest local

spending and the greatest economic output impact also have the greatest potential that could occur from full EITC program participation.²¹

Table 8
EITC Spending and Economic Impact of Federal EITC Payments
And Estimated Unclaimed Federal and State EITC Payments
By Zip Code of Recipient

Zipcode	EITC Spending	Economic Output Impact	Estimated Unclaimed EITC Spending	Economic Output Impact
Total	\$59,908,725	\$86,146,489	\$11,232,886	\$16,152,467
21201	\$1,297,332	\$1,865,515	\$243,250	\$349,784
21202	\$1,816,955	\$2,612,712	\$340,679	\$489,884
21203	\$123,758	\$177,960	\$23,205	\$33,367
21205	\$2,708,848	\$3,895,222	\$507,909	\$730,354
21206	\$4,707,703	\$6,769,500	\$882,694	\$1,269,281
21209	\$353,025	\$507,637	\$66,192	\$95,182
21210	\$46,872	\$67,400	\$8,788	\$12,637
21211	\$888,880	\$1,278,176	\$166,665	\$239,658
21212	\$1,784,395	\$2,565,893	\$334,574	\$481,105
21213	\$4,841,104	\$6,961,324	\$907,707	\$1,305,248
21214	\$1,224,891	\$1,761,347	\$229,667	\$330,253
21215	\$6,837,782	\$9,832,473	\$1,282,084	\$1,843,589
21216	\$4,375,694	\$6,292,083	\$820,443	\$1,179,766
21217	\$5,244,636	\$7,541,589	\$983,369	\$1,414,048
21218	\$4,744,781	\$6,822,816	\$889,646	\$1,279,278
21223	\$4,010,276	\$5,766,626	\$751,927	\$1,081,242
21224	\$4,024,591	\$5,787,211	\$754,611	\$1,085,102
21229	\$4,849,308	\$6,973,122	\$909,245	\$1,307,460
21230	\$2,443,281	\$3,513,346	\$458,115	\$658,752
21231	\$1,185,897	\$1,705,275	\$222,356	\$319,739
21233	\$11,250	\$16,177	\$2,109	\$3,033
21235	\$670	\$963	\$126	\$181
21239	\$2,368,244	\$3,405,445	\$444,046	\$638,521
21270	\$8,603	\$12,371	\$1,613	\$2,319
21281	\$4,554	\$6,549	\$854	\$1,228
21287	\$5,396	\$7,760	\$1,012	\$1,455
21297	\$0	\$0	\$0	\$0

Source: Brookings and The Jacob France Institute

²¹ Maryland EITC data for TY2002 was available only for the entire City and not by zip code.

3.2 The Fiscal Impact of the EITC in Baltimore City

The tax credit also impacts the fiscal vitality of the City. The EITC creates jobs within the City. When Baltimore City residents fill these jobs, the City gains income and property tax revenues. Table 9 lists the estimated City income tax and property tax revenue based on EITC payments received by City residents for TY2002. Earned Income Tax Credit payments to City residents resulted in an estimated \$599,986 in tax revenue (\$225,918 in City Income tax revenue and \$374,068 in City property tax revenue). If full program participation in the EITC at both the federal and State level occurred, the City would have received an estimated additional \$112,497 in City income and property tax revenue.

Table 9
Selected Fiscal Impacts of the Federal and State EITC Payments
And Estimated Unclaimed Federal and State EITC Payments

Impact	Federal EITC Payments	Estimated Unclaimed Federal EITC Payments	State EITC Payments	Estimated Unclaimed State EITC Payments
Total Selected Taxes	<u>\$505,651</u>	<u>\$94,809</u>	<u>\$94,335</u>	<u>\$17,688</u>
Estimated City Income Tax	\$190,397	\$35,699	\$35,521	\$6,660
Estimated City Property Tax	\$315,254	\$59,110	\$58,814	\$11,028

Source: IMPLAN, The Jacob France Institute, MD Comptrollers Office,
and The Baltimore Development Corporation

4.0 Summary

The EITC plays a significant role in the lives and well being of low-income individuals. The EITC has been a successful means of reducing poverty, especially for poor children, and for reducing welfare, and promoting work. This success is evident in Baltimore City, where the \$155 million in TY2002 EITC payments in Baltimore City created \$102 million in economic output, 1,061 jobs, nearly \$31 million in wages, and almost \$600,000 in City tax revenue. By capturing the unclaimed EITC payments, Baltimore City would create an estimated additional \$19 million in economic output, 199 jobs, \$5.8 million in wages for Baltimore City residents, and collect an estimated additional \$112,497 in tax revenue. These additional unclaimed payments could be translated into claimed payments through outreach programs focused on promoting and informing City residents about the benefits of the EITC program.

Methodology

This analysis used the IMPLAN model to estimate the economic impacts associated with Federal and State Earned Income Tax Credits (EITC) on the Baltimore City economy.²² The primary input to this effort was data on the level of Federal EITC payments made to Baltimore City residents from the Brookings Institution²³ and State EITC payments from the Comptroller of Maryland.²⁴ The level of unclaimed EITC payments due to non-participation by qualified Baltimore City residents were estimated based on the United States General Accounting Office's analysis of national Current Population Survey data and Internal Revenue Service data. The GAO analysis estimated a national EITC participation and non-participation rate. The rate of non-participation EITC payments were further reduced to reflect the level of payments likely to be spent locally – rather than saved – and distributed into key areas of spending, such as rent or groceries, based on the personal consumption expenditures of lower income persons nationally.²⁵

An economic impact analysis examines the effects of an economic activity using input-output analysis. Input-output analysis is based on the use of multipliers, which describe the response of an economy to a change in demand or production. Multiplier effects occur as an initial round of spending is spent and re-spent in the region's economy. For example, an industry pays a worker a salary, a portion of which is then spent on goods and services from local companies, which in turn becomes income for other workers and supplier firms. Thus, each dollar of spending creates more than one dollar in economic impacts, as that spending is earned and, in turn, spent by others in the regional economy.

An input-output analysis examines the relationships among businesses and among businesses and final consumers. The IMPLAN model allows the estimation of three effects:

- Direct effects, which represent the changes in economic activity, in this case the increase in Baltimore City resident incomes and resulting spending attributable to the EITC and estimated potential increase in resident incomes from full participation, in the industries to which a final demand change was made.
- Indirect effects, which represent the changes in inter-industry purchases, for example the purchase of raw materials from a local supplier, in response to the new demands from the directly affected industries; and
- Induced effects that reflect changes in spending from households as income and population increases (or decreases) due to changes in production.
- The total effects shown in this report are the direct impacts plus the multiplier -- indirect and induced – effects. All financial figures are expressed in constant year 2002 dollars.

An input-output model allows the estimation of several different economic impacts. This analysis estimated the total, direct, indirect, and induced economic output, employment, and employee compensation impacts of the modeled Federal and State EITC spending.

²² For a description of the IMPLAN model, please reference: The Minnesota IMPLAN Group, Inc., IMPLAN Pro Users Guide, (Stillwater, MN: MIG, Inc, 1997).

²³ <http://apps89.brookings.edu:89/EITC/>

²⁴ <http://individuals.marylandtaxes.com/incometax/gtpitc/eitc.asp>

²⁵ <http://www.bls.gov/cex/>

- Economic output represents the value of production by a particular industry in an economy over a given period of time.
- Employment is the total number of wage and salary earning employees and self-employed individuals in a region.
- Employee compensation consists of wage and salary payments paid to employees by employers. Employee compensation includes all benefits and non-cash compensation paid to employees.

Per the IMPLAN modeling instructions, the direct output impact of any retail activity is only the gross margin associated with the retail sale. Gross margin equals sales less the cost of goods sold. The gross margin for retail purchases was obtained from the U.S. Census Bureau 1997 *Economic Census Business Expenses* report.²⁶ These 1997 figures are the most recent available from the U.S. Census Bureau – but retail margins are unlikely to exhibit significant changes over time.

It was outside of the scope of this project to conduct a full fiscal impact analysis. The fiscal analysis in this report is instead based on available income and property tax data. For both Baltimore City personal income and property taxes it was assumed that 45% of the jobs created would be held by City residents (based on the 2000 Census). Income taxes were estimated based on the increase in incomes attributable to the economic activity supported by the EITC multiplied by the 45% of jobs estimated to be held by City residents and by the effective City income tax rate. Property taxes were calculated by multiplying the number of jobs attributable to the economic activity supported by the EITC multiplied by the 45% of jobs estimated to be held by City residents and then by the per capita property tax rate.

Data Limitations

The Jacob France Institute’s analysis of the economic impact of the Earned Income Tax Credit was based on a series of assumptions that impact the magnitude of the estimated impacts. It is important to understand these assumptions and their impact on the impact estimates.

In estimating the economic impact of EITC spending, two critical assumptions were made:

- 1) it was assumed that only two-thirds of the tax credit was spent locally – with the remaining one-third either saved or spent outside of the region. This is a more conservative estimate than other modeling techniques -- such as adjusting for the disposable personal income.
- 2) it was assumed that the tax credit was spent similar to the general personal consumption expenditures of lower income individuals based on data from the United States Bureau of Labor Statistics Consumer Expenditure Survey²⁷.

Several key assumptions were made in estimating the amount of the potential EITC left unclaimed. Based on an analysis conducted by the United States General Accounting Office in 2001²⁸, it was assumed that the number of eligible persons not claiming the EITC was 25% of

²⁶ <http://www.Census.gov/prod/ec97/e97cs-8.pdf>

²⁷ <http://www.bls.gov/cex/>

²⁸ United States General Accounting Office. *Earned Income Tax Credit Participation*. GAO-02-290R.

those receiving the credit. It was further assumed, based on research by the Brookings Institution²⁹, eligible persons not claiming the EITC were likely to have a lower EITC amount – estimated at 75% of the average credit received. Thus, the amount of potential EITC left unclaimed was estimated at 18.75% (25% times 75%) of the EITC amount actually received in Baltimore City. This calculation was based on the Jacob France Institute’s review of the available literature on the EITC but may under or over estimate the actual level of the potential EITC left unclaimed.

This analysis had initially intended to use U.S. Bureau of the Census data to estimate the number of potentially eligible persons not receiving the EITC and the level of unclaimed EITC payments. This proved to be impossible without a special run of Census data, which was outside of both the budget and time available for this project. Some factors that made this impossible include: 1) EITC receipt data and Census data were not available for all potential zip codes; 2) Census earnings data combined those with low income (and are presumably eligible for the EITC) with those who had no income (and are not likely to be eligible); and 3) no data were available combining income and family size. In fact, there are so many potential factors that influence EITC eligibility that it is the opinion of the France Center research staff involved in this project that a highly detailed, and therefore costly and time consuming, analysis of Census data would be necessary to examine the issue of EITC eligibility at the sub-City level.

It is the opinion of the Jacob France Institute staff and management involved in this project that the assumptions of this report are: a) reasonable and based on our review of the national literature on the EITC; and b) conservative and err on the side of undercounting the actual impact of the EITC.

²⁹ The Brookings Institution. *Using EITC Data – A Guide*.

Appendix Table 1
Economic Output Impact of
Federal EITC Payments on Baltimore City
(Dollars)

Sector	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	\$59,908,725	\$14,452,796	\$11,784,968	\$86,146,489
Agriculture, Forestry, Fishing & Hunting	\$0	\$898	\$70	\$967
Mining	\$0	\$12	\$3	\$15
Utilities	\$7,597,204	\$907,545	\$402,841	\$8,907,589
Construction	\$0	\$444,033	\$56,554	\$500,587
Manufacturing	\$0	\$988,893	\$766,591	\$1,755,484
Wholesale Trade	\$0	\$629,876	\$597,546	\$1,227,423
Transportation & Warehousing	\$743,797	\$738,288	\$372,953	\$1,855,038
Retail trade	\$9,778,753	\$315,834	\$1,022,862	\$11,117,448
Information	\$0	\$890,139	\$347,770	\$1,237,909
Finance & Insurance	\$2,657,822	\$1,130,672	\$1,077,348	\$4,865,842
Real Estate & Rental	\$19,289,650	\$2,517,948	\$761,059	\$22,568,658
Professional, Scientific & Technical Services	\$0	\$2,031,874	\$527,219	\$2,559,093
Management of Companies	\$0	\$144,613	\$27,101	\$171,714
Administrative & Waste Services	\$0	\$1,869,040	\$295,579	\$2,164,620
Educational Services	\$3,022,086	\$378,123	\$232,585	\$3,632,795
Health & Social Services	\$6,730,164	\$40,190	\$2,380,811	\$9,151,164
Arts, Entertainment & Recreation	\$3,761,520	\$275,886	\$227,965	\$4,265,371
Accommodation & Food Services	\$4,921,933	\$390,948	\$769,982	\$6,082,864
Other Services	\$1,405,799	\$472,051	\$760,431	\$2,638,280
Government & Other	\$0	\$285,932	\$1,157,699	\$1,443,631

Source: IMPLAN and The Jacob France Institute

Appendix Table 2
Employment Impact of
Federal EITC Payments on Baltimore City
(Jobs)

Sector	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	635	140	119	894
Agriculture, Forestry, Fishing & Hunting	0	0	0	0
Mining	0	0	0	0
Utilities	3	0	0	4
Construction	0	5	1	5
Manufacturing	0	5	3	8
Wholesale Trade	0	4	4	7
Transportation & Warehousing	25	11	4	40
Retail trade	164	6	19	188
Information	0	5	2	7
Finance & Insurance	16	5	5	26
Real Estate & Rental	87	11	4	101
Professional, Scientific & Technical Services	0	18	5	23
Management of Companies	0	1	0	1
Administrative & Waste Services	0	41	6	47
Educational Services	50	6	4	60
Health & Social Services	67	0	27	94
Arts, Entertainment & Recreation	65	5	4	73
Accommodation & Food Services	126	8	19	153
Other Services	33	6	12	51
Government & Other	0	2	2	4

Source: IMPLAN and The Jacob France Institute

Appendix Table 3
Employment Compensation Impact of
Federal EITC Payments on Baltimore City
(Dollars)

Sector	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	\$17,044,377	\$5,064,832	\$3,856,352	\$25,965,561
Agriculture, Forestry, Fishing & Hunting	\$0	\$361	\$28	\$389
Mining	\$0	\$4	\$1	\$5
Utilities	\$736,717	\$88,007	\$39,064	\$863,788
Construction	\$0	\$187,290	\$22,949	\$210,239
Manufacturing	\$0	\$226,924	\$135,777	\$362,701
Wholesale Trade	\$0	\$236,993	\$224,829	\$461,822
Transportation & Warehousing	\$210,127	\$293,733	\$128,340	\$632,200
Retail trade	\$4,263,565	\$141,870	\$442,456	\$4,847,892
Information	\$0	\$290,213	\$99,027	\$389,239
Finance & Insurance	\$1,224,539	\$427,167	\$354,527	\$2,006,233
Real Estate & Rental	\$1,857,745	\$264,902	\$94,323	\$2,216,970
Professional, Scientific & Technical Services	\$0	\$1,063,584	\$275,398	\$1,338,982
Management of Companies	\$0	\$95,782	\$17,950	\$113,731
Administrative & Waste Services	\$0	\$982,644	\$154,579	\$1,137,224
Educational Services	\$2,029,531	\$253,935	\$156,196	\$2,439,662
Health & Social Services	\$2,834,185	\$16,955	\$1,016,751	\$3,867,891
Arts, Entertainment & Recreation	\$1,679,389	\$123,174	\$101,779	\$1,904,342
Accommodation & Food Services	\$1,686,079	\$128,542	\$259,637	\$2,074,258
Other Services	\$522,500	\$131,558	\$253,118	\$907,176
Government & Other	\$0	\$111,195	\$79,622	\$190,817

Source: IMPLAN and The Jacob France Institute

Appendix Table 4
Economic Output Impact of
Unclaimed Federal EITC Payments on Baltimore City
(Dollars)

Sector	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	\$11,232,886	\$2,709,899	\$2,209,681	\$16,152,467
Agriculture, Forestry, Fishing & Hunting	\$0	\$168	\$13	\$181
Mining	\$0	\$2	\$0	\$3
Utilities	\$1,424,475	\$170,165	\$75,533	\$1,670,173
Construction	\$0	\$83,256	\$10,604	\$93,860
Manufacturing	\$0	\$185,417	\$143,736	\$329,153
Wholesale Trade	\$0	\$118,102	\$112,040	\$230,142
Transportation & Warehousing	\$139,462	\$138,429	\$69,929	\$347,820
Retail trade	\$1,833,517	\$59,219	\$191,787	\$2,084,522
Information	\$0	\$166,901	\$65,207	\$232,108
Finance & Insurance	\$498,341	\$212,001	\$202,003	\$912,345
Real Estate & Rental	\$3,616,810	\$472,115	\$142,699	\$4,231,624
Professional, Scientific & Technical Services	\$0	\$380,976	\$98,854	\$479,830
Management of Companies	\$0	\$27,115	\$5,081	\$32,196
Administrative & Waste Services	\$0	\$350,445	\$55,421	\$405,866
Educational Services	\$566,641	\$70,898	\$43,610	\$681,149
Health & Social Services	\$1,261,906	\$7,536	\$446,402	\$1,715,843
Arts, Entertainment & Recreation	\$705,285	\$51,729	\$42,744	\$799,757
Accommodation & Food Services	\$922,862	\$73,303	\$144,372	\$1,140,537
Other Services	\$263,587	\$88,510	\$142,581	\$494,677
Government & Other	\$0	\$53,612	\$217,069	\$270,681

Source: IMPLAN and The Jacob France Institute

Appendix Table 5
Employment Impact of
Unclaimed Federal EITC Payments on Baltimore City
(Jobs)

Sector	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	119	26	22	168
Agriculture, Forestry, Fishing & Hunting	0	0	0	0
Mining	0	0	0	0
Utilities	1	0	0	1
Construction	0	1	0	1
Manufacturing	0	1	1	1
Wholesale Trade	0	1	1	1
Transportation & Warehousing	5	2	1	8
Retail trade	31	1	4	35
Information	0	1	0	1
Finance & Insurance	3	1	1	5
Real Estate & Rental	16	2	1	19
Professional, Scientific & Technical Service	0	3	1	4
Management of Companies	0	0	0	0
Administrative & Waste Services	0	8	1	9
Educational Services	9	1	1	11
Health & Social Services	13	0	5	18
Arts, Entertainment & Recreation	12	1	1	14
Accommodation & Food Services	24	2	4	29
Other Services	6	1	2	10
Government & Other	0	0	0	1

Fractional jobs allowed. Totals may not sum due to rounding.

Source: IMPLAN and The Jacob France Institute

Appendix Table 6
Employment Compensation Impact of
Unclaimed Federal EITC Payments on Baltimore City
(Dollars)

Sector	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	\$3,195,821	\$949,656	\$723,066	\$4,868,543
Agriculture, Forestry, Fishing & Hunting	\$0	\$68	\$5	\$73
Mining	\$0	\$1	\$0	\$1
Utilities	\$138,134	\$16,501	\$7,325	\$161,960
Construction	\$0	\$35,117	\$4,303	\$39,420
Manufacturing	\$0	\$42,548	\$25,458	\$68,006
Wholesale Trade	\$0	\$44,436	\$42,155	\$86,592
Transportation & Warehousing	\$39,399	\$55,075	\$24,064	\$118,538
Retail trade	\$799,419	\$26,601	\$82,961	\$908,980
Information	\$0	\$54,415	\$18,568	\$72,982
Finance & Insurance	\$229,601	\$80,094	\$66,474	\$376,169
Real Estate & Rental	\$348,327	\$49,669	\$17,685	\$415,682
Professional, Scientific & Technical Services	\$0	\$199,422	\$51,637	\$251,059
Management of Companies	\$0	\$17,959	\$3,366	\$21,325
Administrative & Waste Services	\$0	\$184,246	\$28,984	\$213,229
Educational Services	\$380,537	\$47,613	\$29,287	\$457,437
Health & Social Services	\$531,410	\$3,179	\$190,641	\$725,230
Arts, Entertainment & Recreation	\$314,885	\$23,095	\$19,084	\$357,064
Accommodation & Food Services	\$316,140	\$24,102	\$48,682	\$388,923
Other Services	\$97,969	\$24,667	\$47,460	\$170,095
Government & Other	\$0	\$20,849	\$14,929	\$35,778

Source: IMPLAN and The Jacob France Institute

Appendix Table 7
Economic Output Impact of
State EITC Payments on Baltimore City
(Dollars)

Sector	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	\$11,176,648	\$2,696,332	\$2,198,619	\$16,071,598
Agriculture, Forestry, Fishing & Hunting	\$0	\$167	\$13	\$180
Mining	\$0	\$2	\$0	\$3
Utilities	\$1,417,344	\$169,313	\$75,154	\$1,661,812
Construction	\$0	\$82,839	\$10,551	\$93,390
Manufacturing	\$0	\$184,489	\$143,016	\$327,505
Wholesale Trade	\$0	\$117,511	\$111,479	\$228,990
Transportation & Warehousing	\$138,764	\$137,736	\$69,579	\$346,079
Retail trade	\$1,824,336	\$58,922	\$190,826	\$2,074,085
Information	\$0	\$166,066	\$64,880	\$230,946
Finance & Insurance	\$495,846	\$210,940	\$200,991	\$907,777
Real Estate & Rental	\$3,598,702	\$469,752	\$141,984	\$4,210,437
Professional, Scientific & Technical Services	\$0	\$379,069	\$98,359	\$477,428
Management of Companies	\$0	\$26,979	\$5,056	\$32,035
Administrative & Waste Services	\$0	\$348,691	\$55,144	\$403,834
Educational Services	\$563,804	\$70,543	\$43,391	\$677,739
Health & Social Services	\$1,255,588	\$7,498	\$444,167	\$1,707,253
Arts, Entertainment & Recreation	\$701,754	\$51,470	\$42,530	\$795,753
Accommodation & Food Services	\$918,242	\$72,936	\$143,649	\$1,134,827
Other Services	\$262,268	\$88,066	\$141,867	\$492,201
Government & Other	\$0	\$53,344	\$215,982	\$269,326

Source: IMPLAN and The Jacob France Institute

Appendix Table 8
Employment Impact of
State EITC Payments on Baltimore City
(Jobs)

Sector	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	118	26	22	167
Agriculture, Forestry, Fishing & Hunting	0	0	0	0
Mining	0	0	0	0
Utilities	1	0	0	1
Construction	0	1	0	1
Manufacturing	0	1	1	1
Wholesale Trade	0	1	1	1
Transportation & Warehousing	5	2	1	8
Retail trade	31	1	4	35
Information	0	1	0	1
Finance & Insurance	3	1	1	5
Real Estate & Rental	16	2	1	19
Professional, Scientific & Technical Service	0	3	1	4
Management of Companies	0	0	0	0
Administrative & Waste Services	0	8	1	9
Educational Services	9	1	1	11
Health & Social Services	12	0	5	18
Arts, Entertainment & Recreation	12	1	1	14
Accommodation & Food Services	23	2	3	29
Other Services	6	1	2	10
Government & Other	0	0	0	1

Fractional jobs allowed. Totals may not sum due to rounding.

Source: IMPLAN and The Jacob France Institute

Appendix Table 9
Employment Compensation Impact of
State EITC Payments on Baltimore City
(Dollars)

Sector	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	\$3,179,820	\$944,901	\$719,446	\$4,844,168
Agriculture, Forestry, Fishing & Hunting	\$0	\$67	\$5	\$73
Mining	\$0	\$1	\$0	\$1
Utilities	\$137,443	\$16,419	\$7,288	\$161,149
Construction	\$0	\$34,941	\$4,281	\$39,222
Manufacturing	\$0	\$42,335	\$25,331	\$67,666
Wholesale Trade	\$0	\$44,214	\$41,944	\$86,158
Transportation & Warehousing	\$39,202	\$54,799	\$23,943	\$117,944
Retail trade	\$795,416	\$26,467	\$82,545	\$904,429
Information	\$0	\$54,142	\$18,475	\$72,617
Finance & Insurance	\$228,451	\$79,693	\$66,141	\$374,285
Real Estate & Rental	\$346,583	\$49,421	\$17,597	\$413,601
Professional, Scientific & Technical Services	\$0	\$198,424	\$51,379	\$249,802
Management of Companies	\$0	\$17,869	\$3,349	\$21,218
Administrative & Waste Services	\$0	\$183,323	\$28,839	\$212,162
Educational Services	\$378,632	\$47,374	\$29,140	\$455,146
Health & Social Services	\$528,749	\$3,163	\$189,686	\$721,599
Arts, Entertainment & Recreation	\$313,309	\$22,979	\$18,988	\$355,276
Accommodation & Food Services	\$314,557	\$23,981	\$48,438	\$386,976
Other Services	\$97,478	\$24,544	\$47,222	\$169,244
Government & Other	\$0	\$20,745	\$14,854	\$35,599

Source: IMPLAN and The Jacob France Institute

Appendix Table 10
Economic Output Impact of
Unclaimed State EITC Payments on Baltimore City
(Dollars)

Sector	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	\$2,095,621	\$505,562	\$412,241	\$3,013,424
Agriculture, Forestry, Fishing & Hunting	\$0	\$31	\$2	\$34
Mining	\$0	\$0	\$0	\$1
Utilities	\$265,752	\$31,746	\$14,091	\$311,590
Construction	\$0	\$15,532	\$1,978	\$17,511
Manufacturing	\$0	\$34,592	\$26,816	\$61,407
Wholesale Trade	\$0	\$22,033	\$20,902	\$42,936
Transportation & Warehousing	\$26,018	\$25,825	\$13,046	\$64,889
Retail trade	\$342,063	\$11,048	\$35,780	\$388,891
Information	\$0	\$31,137	\$12,165	\$43,302
Finance & Insurance	\$92,971	\$39,551	\$37,686	\$170,208
Real Estate & Rental	\$674,757	\$88,078	\$26,622	\$789,457
Professional, Scientific & Technical Services	\$0	\$71,075	\$18,442	\$89,518
Management of Companies	\$0	\$5,059	\$948	\$6,007
Administrative & Waste Services	\$0	\$65,379	\$10,339	\$75,719
Educational Services	\$105,713	\$13,227	\$8,136	\$127,076
Health & Social Services	\$235,423	\$1,406	\$83,281	\$320,110
Arts, Entertainment & Recreation	\$131,579	\$9,651	\$7,974	\$149,204
Accommodation & Food Services	\$172,170	\$13,675	\$26,934	\$212,780
Other Services	\$49,175	\$16,512	\$26,600	\$92,287
Government & Other	\$0	\$10,002	\$40,497	\$50,499

Source: IMPLAN and The Jacob France Institute

Appendix Table 11
Employment Impact of
Unclaimed State EITC Payments on Baltimore City
(Jobs)

Sector	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	22	5	4	31
Agriculture, Forestry, Fishing & Hunting	0	0	0	0
Mining	0	0	0	0
Utilities	0	0	0	0
Construction	0	0	0	0
Manufacturing	0	0	0	0
Wholesale Trade	0	0	0	0
Transportation & Warehousing	1	0	0	1
Retail trade	6	0	1	7
Information	0	0	0	0
Finance & Insurance	1	0	0	1
Real Estate & Rental	3	0	0	4
Professional, Scientific & Technical Services	0	1	0	1
Management of Companies	0	0	0	0
Administrative & Waste Services	0	1	0	2
Educational Services	2	0	0	2
Health & Social Services	2	0	1	3
Arts, Entertainment & Recreation	2	0	0	3
Accommodation & Food Services	4	0	1	5
Other Services	1	0	0	2
Government & Other	0	0	0	0

Fractional jobs allowed. Totals may not sum due to rounding.

Source: IMPLAN and The Jacob France Institute

Appendix Table 12
Employment Compensation Impact of
Unclaimed State EITC Payments on Baltimore City
(Dollars)

Sector	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total	\$596,216	\$177,169	\$134,896	\$908,281
Agriculture, Forestry, Fishing & Hunting	\$0	\$13	\$1	\$14
Mining	\$0	\$0	\$0	\$0
Utilities	\$25,771	\$3,078	\$1,366	\$30,216
Construction	\$0	\$6,551	\$803	\$7,354
Manufacturing	\$0	\$7,938	\$4,750	\$12,687
Wholesale Trade	\$0	\$8,290	\$7,865	\$16,155
Transportation & Warehousing	\$7,350	\$10,275	\$4,489	\$22,114
Retail trade	\$149,141	\$4,963	\$15,477	\$169,580
Information	\$0	\$10,152	\$3,464	\$13,616
Finance & Insurance	\$42,835	\$14,942	\$12,401	\$70,178
Real Estate & Rental	\$64,984	\$9,266	\$3,299	\$77,550
Professional, Scientific & Technical Services	\$0	\$37,204	\$9,633	\$46,838
Management of Companies	\$0	\$3,350	\$628	\$3,978
Administrative & Waste Services	\$0	\$34,373	\$5,407	\$39,780
Educational Services	\$70,993	\$8,883	\$5,464	\$85,340
Health & Social Services	\$99,141	\$593	\$35,566	\$135,300
Arts, Entertainment & Recreation	\$58,745	\$4,309	\$3,560	\$66,614
Accommodation & Food Services	\$58,979	\$4,496	\$9,082	\$72,558
Other Services	\$18,277	\$4,602	\$8,854	\$31,733
Government & Other	\$0	\$3,890	\$2,785	\$6,675

Source: IMPLAN and The Jacob France Institute

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