

Creating Approaches for Understanding EITC Uptake in Rural North Carolina

Supporting communities and eligible families in taking advantage of the Earned Income Tax Credit (EITC), a federal benefit that has shown success in lifting families out of poverty

What We Know: stories and data

Distressed rural communities are eager to find ways to increase the number of eligible residents who take advantage of the federal EITC. This tax credit program, established under the Tax Reduction Act of 1975, has a 45-year history of bipartisan support because it has been shown to improve the ability of low-income workers to address immediate needs, such as food and housing, and to access levers for economic mobility, such as paying for tuition for a certification from the local community college. The assets lead to better health outcomes and higher mortality rates.

Unfortunately, more than 20 percent of eligible North Carolinians—around 180,000 filers—do not claim the tax credit even though they could benefit from the boost to their household budgets. Low and middle-income North Carolinians are losing a total of \$450,000,000.

We don't know why. In fact, most of what we do know about federal EITC uptake has focused on urban areas. This has prompted our community-designed research in Beaufort, Edgecombe, Halifax, McDowell, Nash, Robeson, and Rockingham counties.

The Design: including unlikely partners

We will complete this project alongside community leaders and stakeholders in seven targeted rural counties. We will deliver a series of recommendations and strategies based on research and best practices to support communities in understanding and improving EITC uptake in rural counties.

Partners: The Jordan Institute for Families, UNC School of Social Work; Foundation for Health Leadership and Innovation; and North Carolina Justice Center

Aims and Questions: understanding the EITC uptake rate

Aim 1: Develop a comprehensive understanding of EITC uptake in NC, with emphasis on rural communities. We will analyze tax data to understand who is not taking advantage of the federal EITC. In our work with communities, we will try to understand why.

- ▶ Which population subgroups are least likely to take advantage of EITC in rural areas of NC?
- ▶ How do rural and urban areas differ on uptake of EITC?
- ▶ What are the personal, community, and institutional factors that community residents report support and inhibit EITC uptake?

Aim 2: Identify strategies that rural communities can utilize to understand best practices to increase uptake of EITC and, potentially, other supports.

By working in communities and with their leaders, we expect to support some of the local economies in NC that are most distressed. We will explore:

- ▶ What resources are available in communities to support uptake?
- ▶ How might strategies from other states and urban areas be adapted for rural communities?

Stay connected to our project at ncimpact.org.