

**THE EARNED INCOME TAX CREDIT (EITC) AS
“ENERGY ASSISTANCE” IN PENNSYLVANIA**

June 2009

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“Committed to the power of concentrated expertise widely shared.”

Little question exists but that low-income households frequently do not have sufficient household resources to consistently pay their utility bills in a full and timely fashion. Bill payment assistance resources are available to low-income customers through the federal Low-Income Home Energy Assistance Program (LIHEAP). LIHEAP, however, is constrained to paying only home energy bills. Moreover, LIHEAP is often budget constrained, thus limiting the time it is available, the population defined to be eligible for assistance, and the level of grants that are provided.

Pennsylvania's public utilities can redress many of these shortcomings by LIHEAP by targeting specific programs to assist the working poor. It is increasingly evident that the inability to pay for home utility bills, whether those bills involve water/sewer, energy or trash service, is reaching into increasingly higher income households. The line between the "working poor" and the "middle class" is, in other words, becoming increasingly blurred when utility and shelter bills are concerned.

THE UTILITY INTEREST IN THE EARNED INCOME TAX CREDIT (EITC)

One group of households that is often "missed" by existing fuel assistance programs involves the working poor. Often with incomes too high to qualify for public assistance programs, these households nonetheless also have too little income to be able to afford their winter home heating bills. The federal Earned Income Tax Credit (EITC) helps to meet the needs of these households.

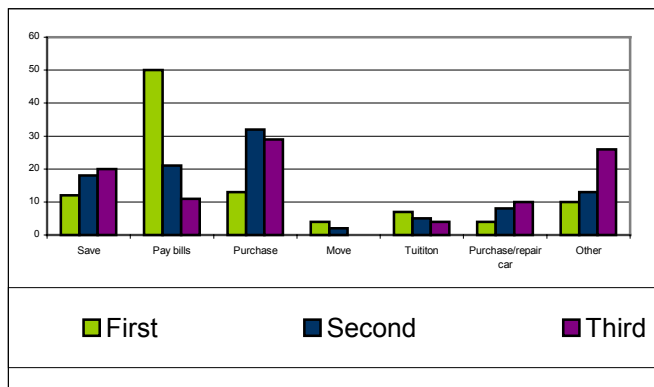
EITC funding is particularly important for working poor utility customers in three respects.

- First, coming as part of the federal income tax return process, the money will come at the time when households are most vulnerable to unpaid energy bills. Tax returns filed in January and February would easily put cash in the hands of households during the high bill winter months.
- Second, tax credits coming back to customers in April may well also serve as a source of downpayment on a payment plan to prevent the loss of service at the very time Pennsylvania's winter shutoff moratorium is ending.
- Third, while a household is required to file a tax return in order to receive the EITC, the household need not have a tax liability in order to receive the credit. The credits can place actual cash in the pockets of households. Under the EITC, workers can receive a refundable tax credit from the federal government. If a household has had taxes withheld, the federal government will return her withheld taxes and pay her an additional amount up to the maximum EITC to which she is entitled. If the household has had no taxes withheld, the federal government will send her a check for the maximum EITC to which she is entitled.

In addition to these substantive benefits of the EITC, the EITC provides process benefits as well. Perhaps most importantly, the EITC is not a "use it or lose it" proposition. An income-eligible household may make "back claims" for EITC credits within a three-year statutory limit. Claims for Tax Year 2006, in other words, expired only if not made by April 15, 2009.

What People Use the EITC to Pay

It might seem evident on its face that Pennsylvania’s utilities would benefit from any increase in financial resources to be brought to bear on the living expenses of the working poor. More than intuition, however, supports the conclusion that increasing EITC claims will help pay utility bills. An Edison Electric Institute (EEI) staffperson reports, for example, that 90 percent of New Jersey



EITC recipients used their tax credit to pay household living expenses. One-third of all recipients used their EITC to pay *past-due* bills and one-quarter used part of their refund to pay utility bills. In addition, according to data provided by the Internal Revenue Service (IRS), which administers the EITC at the federal level, fully one-half of households receiving the EITC use those dollars to “pay bills” as their first use. More than 70% of EITC recipients use those funds to “pay bills” as either their first or second use.

EITC claims will directly benefit Pennsylvania’s public utilities. According to a study of EITC recipients in New York, performed by faculty at Colgate University, 40% of the households reporting using their EITC to pay bills used those benefits to pay utility bills, a higher percentage than those using the EITC to pay for rent (31%), credit cards (28%), car payments (22%), and groceries (21%).¹ More than two-thirds of EITC recipients use their credits to pay for basic needs, while half use their credits to pay off a debt. Another study found that 65% of EITC recipients have a “making ends meet” use for their credits, with the payment of utility bills and rent the most important use, followed by the purchase of food and clothing.²

The EITC represents a substantial source of income for these low-income Pennsylvania residents. In 2006,³ the average EITC benefit was \$1,787. As shown in Table 1, the average total refund for Pennsylvania taxpayers claiming the EITC in 2006 reached nearly \$3,200.

¹ Simpson, et al. (October 2006). *The Efficacy of the EITC: Evidence from Madison County (New York)*, Colgate University Department of Economics.

² Timothy Smeeding, et al. (December 2000). “The EITC: Expectation, Knowledge, Use and Economic and Social Mobility,” *National Tax Journal*, 53(4): 1187, 1198. Smeeding is with the Center for Policy Research, The Maxwell School, Syracuse University (NY).

³ 2006 is the last year for which data is available.

Scope of EITC Benefits in Pennsylvania

The EITC brings substantial dollars into the State of Pennsylvania. As Table 1 shows, in 2006, 795,989 Pennsylvania taxpayers received \$1.422 billion in EITC benefits. These EITC credits claimed in Pennsylvania were a noticeable increase over 2004, when 765,356 taxpayers received \$1.284 billion in benefits. While there was a 4% increase in the number of taxpayers receiving the EITC in Pennsylvania from 2004 to 2006, there was an 11% increase in benefits claimed.

| Table 1: EITC Credits Claimed in Pennsylvania by Year | | | |
|---|-----------------|-----------------|-----------------|
| | 2004 | 2005 | 2006 /a/ |
| Earned income credit (number) | 765,356 | 782,624 | 795,989 |
| Earned income credit (amount) | \$1,284,197,942 | \$1,358,253,582 | \$1,422,120,988 |
| Average credit (amount) | \$1,678 | \$1,736 | \$1,787 |
| Total EITC returns with refunds | 734,871 | 751,676 | 764,778 |
| Total amount of refund | \$2,187,136,621 | \$2,312,817,854 | \$2,435,240,058 |
| Average amount of total refund | \$2,976 | \$3,077 | \$3,184 |

SOURCE:

Brookings Institution, Earned Income Tax Credit Interactive Data Base.

NOTES:

/a/ 2006 is the last year for which data has been published.

Consider the implications of the data reported above. If one accepts the *lowest* reported figure of the proportion of low-income households using their EITC benefits to pay utility bills (25%), in 2006, the federal EITC would have put utilities in the position of accessing some portion of nearly \$356 million dollars (795,989 EITC recipients * 25% of recipients who use EITC to pay utility bills x \$1,787 average EITC benefit = \$355,530,247) placed in the hands of working poor Pennsylvania utility customers.⁴ While these 200,000 households do not necessarily use all of their EITC benefits to pay utility bills, the EITC places nearly \$1,800 in their household budget at precisely the time of year in which the households are experiencing their highest utility costs.

A disaggregation of EITC credits by county for Pennsylvania is presented in Appendix A.

The Households Claiming the EITC

In Pennsylvania, receipt of EITC benefits is concentrated in the lowest income brackets. Table 2 presents a distribution of 2006 EITC tax returns for the state as a whole. In 2006, nearly 275,000 low-income taxpayers receiving the EITC had annual income less than \$10,000, while nearly

⁴ While the research cited above did not distinguish between “utility bills” and “home energy bills,” which would include bulk fuels such as fuel oil, the conclusion would nonetheless remain that the EITC helped pay a substantial amount of money to Pennsylvania’s regulated natural gas and electric utilities.

410,000 EITC recipients had annual income less than \$15,000. Fully two-thirds of the EITC recipients (66%) had annual income of less than \$20,000 in 2006.

Appendix B presents the distribution of EITC recipients by county and by income level for the 2006 tax year. The year 2006 results were not anomalous.

- In 2004, 68% of all EITC recipients had income below \$20,000, with 280,000 having income less than \$10,000.
- In 2005, 67% of all EITC recipients had income below \$20,000, with 275,000 having income less than \$10,000.

In each year 2004 through 2006, more than 110,000 EITC recipients had annual income of less than \$5,000.

Table 2. Number of Taxpayers Claiming Earned Income Tax Credit by Gross Income of Recipient (Pennsylvania)

| | <\$5,000 | \$5-\$9,999 | \$10-\$14,999 | \$15 - \$19,999 | \$20 - \$24,999 | \$25 - \$29,999 | \$30 - \$34,999 | \$35 - \$39,999 |
|------|----------|-------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 2004 | 115,930 | 163,336 | 125,253 | 104,255 | 103,762 | 90,782 | 40,181 | 59 |
| 2005 | 113,783 | 161,804 | 130,613 | 103,800 | 102,547 | 91,115 | 49,252 | 5,939 |
| 2006 | 113,233 | 160,847 | 135,295 | 100,811 | 101,048 | 90,844 | 56,896 | 13,123 |

TOTAL HOME ENERGY AFFORDABILITY GAP

Energy prices place a substantial burden on low-income households in Pennsylvania today. Current home heating, cooling and electric bills in Pennsylvania have driven the average *per-household* Home Energy Affordability Gap for households living with incomes at or below 185% of the Federal Poverty Level (FPL) to crushing levels. The average annual shortfall between actual and affordable home energy bills for households at or below 185% of FPL now reaches more than \$1,300 per household. The aggregate annual Home Energy Affordability Gap in Pennsylvania for 2008 reached nearly \$1.570 *billion* statewide.⁵

The Affordability Gap by Year

The Affordability Gap in Pennsylvania is rapidly increasing. Spiraling home energy prices have increased the Affordability Gap by more than \$680 million since 2002. Compared to the Affordability Gap of \$887 million given 2002 fuel prices in Pennsylvania, the Affordability Gap for 2008 reached \$1.570 billion.

Just in the four years from 2005 through 2008, the per-household Affordability Gap has increased by more than \$450. After spiking to more than \$1,600 in 2007, the Affordability Gap moderated to \$1,313 in 2008, up from \$872 in 2005.

⁵ Energy assistance programs, such as the federal Low-Income Home Energy Assistance Program (LIHEAP), as well as Pennsylvania's CAP programs, are not considered to *reduce* the Affordability Gap. Rather, they are considered resources to help fill the Gap.

*Table 3: Home Energy Affordability Gap: 2005 – 2008
(Pennsylvania)*

| | 2005 | 2006 | 2007 | 2008 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Statewide aggregate Affordability Gap | \$1,043,604,465 | \$1,428,655,388 | \$1,948,579,691 | \$1,570,561,806 |
| Per Household Affordability Gap | \$872 | \$1,194 | \$1,629 | \$1,313 |

NOTES:

SOURCE: Annual Home Energy Affordability Gap. The Home Energy Affordability Gap is published each year releasing data for the prior year. The 2008 Affordability Gap, for example, was released in April 2009.

While the Home Energy Affordability Gap varies somewhat based on geography, the Affordability Gap is clearly a statewide phenomenon. Of Pennsylvania's 67 counties, only nine (Cameron, Elk, Forest, Fulton, Juniata, Montour, Potter, Sullivan and Union) have an aggregate Affordability Gap of less than \$5 million. In contrast, the eleven counties with the *largest* Affordability Gap include Allegheny (\$142.0 million), Berks (\$45.7 million), Bucks (\$37.4 million), Delaware (\$46.8 million), Erie (\$36.4 million), Lancaster (\$47.3 million), Lehigh (\$36.2 million), Luzerne (\$50.3 million), Montgomery (\$42.4 million), Philadelphia (\$263.6 million) and Westmoreland (\$43.1 million).

The Home Energy Affordability Gap by Income Group

The growth in the Home Energy Affordability Gap in Pennsylvania has not been even between Poverty Levels.⁶ Table 4 documents the growth in Pennsylvania's Home Energy Affordability Gap since 2005. Note that while the dollar growth in the total Home Energy Affordability Gap is not necessarily higher in the top income tier (150-185% of Federal Poverty Level), the *percentage* growth in the top tier is much higher.

The reason for the dramatic increase in the Affordability Gap at higher income levels is that spiraling energy prices are finally pushing households at these income levels into the "unaffordable" range. While in the past, home energy bills to these households would have been affordable, and thus not contributed to the Home Energy Affordability Gap, at 2008 prices, they are *un*affordable and thus contribute to the Gap in a very substantial way.

⁶ The generally accepted measure of "being poor" in the United States today indexes a household's income to the "Federal Poverty Level" published each year by the U.S. Department of Health and Human Services (HHS). The Poverty Level looks at income in relation to household size. This measure recognizes that a three-person household with an annual income of \$6,000 is, in fact, "poorer" than a two-person household with an annual income of \$6,000. The federal government establishes a uniform "Poverty Level" for the 48 contiguous states. A household's "level of Poverty" refers to the ratio of that household's income to the Federal Poverty Level. For example, the year 2005 Poverty Level for a two-person household was \$12,830. A two-person household with an income of \$6,415 would thus be living at 50% of Poverty.

Table 4: Increase in Home Energy Affordability Gap by Federal Poverty Level (Pennsylvania)

| | Ratio of Income to Federal Poverty Level | | | | | |
|-------------------------|--|---------------|---------------|---------------|---------------|---------------|
| | Below 50% | 50 - 74% | 75 - 99% | 100 - 124% | 125 - 149% | 150 - 185% |
| 2005 | \$371,097,073 | \$161,348,700 | \$154,446,765 | \$141,022,532 | \$117,431,373 | \$98,258,020 |
| 2007 | \$486,538,092 | \$222,018,845 | \$223,347,819 | \$218,585,210 | \$202,575,537 | \$217,696,303 |
| Growth in Gap (dollars) | \$115,441,019 | \$60,670,145 | \$68,901,054 | \$77,562,678 | \$85,144,164 | \$119,438,283 |
| Growth in Gap (percent) | 31% | 38% | 45% | 55% | 73% | 122% |

Home Energy Burdens by Income Group

The increasing home energy affordability gap in Pennsylvania results from the fact that home energy bills are increasing faster than incomes, thus increasing the “home energy burden” imposed on low-income households. Increasing energy prices have placed a clear and substantial burden on low-income households.

Table 5: Increase in Home Energy Burdens by Federal Poverty Level (Pennsylvania)

| | Ratio of Income to Federal Poverty Level | | | | | |
|------|--|----------|----------|------------|------------|------------|
| | Below 50% | 50 - 74% | 75 - 99% | 100 - 124% | 125 - 149% | 150 - 185% |
| 2005 | 48.5% | 19.6% | 14.0% | 11.0% | 9.0% | 7.4% |
| 2008 | 57.0% | 23.1% | 16.6% | 13.0% | 10.7% | 8.8% |

Three observations become evident about the home energy burdens facing Pennsylvania’s low-income households. Table 5 shows that:

- First, the most dramatic burden of unaffordable home energy bills falls on Pennsylvania’s lowest income households. In 2008, Pennsylvania households with income at or below 50% of the Federal Poverty Level were billed 57.0% of their income simply for their home energy bills.⁷
- Second, “moderately” low-income households (those with income between 100% and 150% of the Federal Poverty Level) are beginning to see home energy burdens that will result in almost assured payment problems at some point in the year. While a 6% energy burden is considered to be the trigger of “affordability,” home energy burdens of 10% to 12% are considered to be the trigger for probable bill payment problems.⁸ These households, which had been above “affordability” but below the payment-trouble trigger, moved into a dangerous range of unaffordability in 2008.

⁷ One should note that being “billed” 57% of income for home energy, and actually *paying* 57% of income for home energy are two separate issues.

⁸ While these bill payment problems may, but will not necessarily, be chronic throughout the year, such problems will arise at some point during the year.

- Finally, the “higher income” low-income households (those with income between 150% and 185% of the Federal Poverty Level) now see unaffordable home energy bills on average. While households with income at 150% to 185% of Federal Poverty Level had home energy burdens at 7.4% in 2005, they had bills near 9.0% by 2008.

RECOGNIZING THE SHELTER INABILITY-TO-PAY OF THE WORKING POOR

In addition to their impact on the ability of low-income households to pay their utility bills, high and unaffordable home energy costs push *total* shelter costs into unaffordable ranges as well. Table 6 below presents data from the annual *Out of Reach* rental housing study published by the National Low-Income Housing Coalition (NLIHC).

Table 6. The Affordability of Shelter Expenses to the Working Poor (2009)

| | Fair Market Rents | | | | Rent affordable with full-time job paying mean renter wage | Income Needed to Afford FMR at: | | | |
|-----------------------------------|-------------------|---------|---------|---------|--|---------------------------------|----------|----------|----------|
| | 1BR | 2BR | 3BR | 4BR | | 1BR | 2BR | 3BR | 4BR |
| STATE | \$665 | \$799 | \$987 | \$1,108 | \$697 | \$26,609 | \$31,969 | \$39,465 | \$44,301 |
| NONMETRO | \$512 | \$606 | \$772 | \$866 | \$506 | \$20,497 | \$24,223 | \$30,861 | \$34,629 |
| Allentown-Bethlehem-Easton * | \$721 | \$853 | \$1,104 | \$1,168 | \$663 | \$28,840 | \$34,120 | \$44,160 | \$46,720 |
| Altoona ** | \$493 | \$596 | \$781 | \$806 | \$461 | \$19,720 | \$23,840 | \$31,240 | \$32,240 |
| Armstrong County * | \$507 | \$561 | \$718 | \$942 | \$542 | \$20,280 | \$22,440 | \$28,720 | \$37,680 |
| Erie ** | \$502 | \$648 | \$775 | \$881 | \$516 | \$20,080 | \$25,920 | \$31,000 | \$35,240 |
| Harrisburg-Carlisle ** | \$607 | \$764 | \$964 | \$999 | \$686 | \$24,280 | \$30,560 | \$38,560 | \$39,960 |
| Johnstown ** | \$457 | \$561 | \$706 | \$809 | \$468 | \$18,280 | \$22,440 | \$28,240 | \$32,360 |
| Lancaster ** | \$626 | \$771 | \$978 | \$1,028 | \$634 | \$25,040 | \$30,840 | \$39,120 | \$41,120 |
| Lebanon ** | \$512 | \$660 | \$896 | \$923 | \$524 | \$20,480 | \$26,400 | \$35,840 | \$36,920 |
| Philadelphia-Camden-Wilmington ** | \$842 | \$1,005 | \$1,203 | \$1,431 | \$884 | \$33,680 | \$40,200 | \$48,120 | \$57,240 |
| Pike County * | \$817 | \$947 | \$1,282 | \$1,570 | \$458 | \$32,680 | \$37,880 | \$51,280 | \$62,800 |
| Pittsburgh * | \$594 | \$710 | \$883 | \$953 | \$671 | \$23,760 | \$28,400 | \$35,320 | \$38,120 |
| Reading ** | \$594 | \$733 | \$980 | \$1,011 | \$632 | \$23,760 | \$29,320 | \$39,200 | \$40,440 |
| Scranton--Wilkes-Barre ** | \$529 | \$635 | \$805 | \$850 | \$538 | \$21,160 | \$25,400 | \$32,200 | \$34,000 |
| Sharon * | \$480 | \$585 | \$717 | \$787 | \$505 | \$19,200 | \$23,400 | \$28,680 | \$31,480 |
| State College ** | \$687 | \$809 | \$967 | \$997 | \$468 | \$27,480 | \$32,360 | \$38,680 | \$39,880 |
| Williamsport ** | \$500 | \$603 | \$792 | \$814 | \$518 | \$20,000 | \$24,120 | \$31,680 | \$32,560 |
| York-Hanover ** | \$577 | \$732 | \$884 | \$916 | \$613 | \$23,080 | \$29,280 | \$35,360 | \$36,640 |

SOURCE: National Low-Income Housing Coalition: Out of Reach: Why Every Day People Can't Afford Housing (2007).

NOTES: *HMFA / ** SMA

As can be seen from Table 6, the total shelter costs associated with rental housing are reaching unaffordable levels statewide in Pennsylvania. While a worker with a fulltime job at the median

wage of a renter could afford a one-bedroom apartment in 13 of Pennsylvania's 17 metropolitan areas (plus the non-metro areas), that full-time job would *not* be sufficient to cover the rent for a two-bedroom (or larger) apartment in any of the state's jurisdictions. Statewide, a person working full-time at the median renter wage could afford to pay \$697 for rent, the Fair Market Rent (which includes contract rents plus all utility costs except telephone) reaches \$799, presenting a shortfall of more than \$100 each month. Three and four bedroom housing units have even higher Fair Market Rents.⁹

Table 6 reports the income that is needed in each jurisdiction to afford the total shelter cost (as measured by FMR) by housing unit size. These housing costs routinely exceed the annual income of households receiving the Earned Income Tax Credit (reported by county in Appendix B below).

Table 7 translates housing costs into a "housing wage" for each jurisdiction in Pennsylvania. The "housing wage" is that wage that is needed for a household to afford the Fair Market Rent by devoting 30% of income to shelter costs. Table 7 further shows the number of hours each week that an employee would need to work at minimum wage in order to afford a two-bedroom unit.

Table 7 documents how the earnings of working poor households are insufficient to meet total shelter costs in Pennsylvania. Working at minimum wage, a person would need to work from 60 hours each week (Armstrong County HMFA; Johnstown MSA) to more than 100 hours each week (Philadelphia MSA; Pike County HMFA) to be able to afford a two-bedroom unit. The "housing wage" as a percentage of minimum wage ranges from 150% to more than 220% in the various jurisdictions. Statewide, a minimum wage worker would need to work 86 hours each week to be able to afford the shelter costs associated with a two-bedroom unit. The statewide "housing wage" statewide is 215% of minimum wage.

The high total shelter costs in Pennsylvania should be of concern to Pennsylvania's utilities. The Fair Market Rents (FMRs) that are used to calculate total shelter costs do not reflect simply "housing" costs. Instead, FMRs are the functional equivalent to what the Census Bureau measures as "gross rents." "Gross rents" are made-up of two distinct components: (1) the "contract rent" (i.e., those dollars paid to the property owner for the use of his or her housing unit); and (2) all utility costs (except telephone).

The Pennsylvania Utility Law Project (PULP) has documented how high shelter costs can arise even when the contract rents in a geographic area are low. PULP reports that:

more than 20% of the Census tracts with a concentration of the lowest income households (below 50% Federal Poverty Level) and with the lowest quartile of contract rents nonetheless still have not merely *some* unaffordable housing, but a concentration of unaffordable housing at either or both the 35% rent burden or 50% rent burden level. More than 20% of Census tracts with a concentration of low-income tenants below 100% of the Federal Poverty Level and with the lowest

⁹ FMRs are set at the 40th percentile. What that means is that 60% of all rents are higher than FMRs while 40% of rents are equal to or less than FMRs.

quartile of contract rents nonetheless still have unaffordable housing at either or both the 35% rent burden or 50% rent burden. . .Addressing only the rent aspect of total shelter costs, however, will ultimately be unsuccessful at delivering affordable housing. In a large minority of cases, even when contract rents are low, high utility costs push total shelter expenses into an affordable range.¹⁰

When research finds that households cannot afford their total shelter burdens, it is the utility bill that is at risk of nonpayment as much as it is the rent.

Table 7. Wages and the Affordability of Housing (Pennsylvania) (2009)

| | Housing Wage for FMR at: | | | | Housing wage as % of minimum wage for: | | | | Work hours per week at min. wage needed to afford FMR at: | | | |
|-----------------------------------|--------------------------|---------|---------|---------|--|------|------|------|---|------|------|------|
| | 1 BR | 2 BR | 3 BR | 4 BR | 1 BR | 2 BR | 3 BR | 4 BR | 1 BR | 2 BR | 3 BR | 4 BR |
| STATE | \$12.79 | \$15.37 | \$18.97 | \$21.30 | 179% | 215% | 265% | 298% | 72 | 86 | 106 | 119 |
| NONMETRO | \$9.85 | \$11.65 | \$14.84 | \$16.65 | 138% | 163% | 208% | 233% | 55 | 65 | 83 | 93 |
| Allentown-Bethlehem-Easton * | \$13.87 | \$16.40 | \$21.23 | \$22.46 | 194% | 229% | 297% | 314% | 78 | 92 | 119 | 126 |
| Altoona ** | \$9.48 | \$11.46 | \$15.02 | \$15.50 | 133% | 160% | 210% | 217% | 53 | 64 | 84 | 87 |
| Armstrong County * | \$9.75 | \$10.79 | \$13.81 | \$18.12 | 136% | 151% | 193% | 253% | 55 | 60 | 77 | 101 |
| Erie ** | \$9.65 | \$12.46 | \$14.90 | \$16.94 | 135% | 174% | 208% | 237% | 54 | 70 | 83 | 95 |
| Harrisburg-Carlisle ** | \$11.67 | \$14.69 | \$18.54 | \$19.21 | 163% | 205% | 259% | 269% | 65 | 82 | 104 | 107 |
| Johnstown ** | \$8.79 | \$10.79 | \$13.58 | \$15.56 | 123% | 151% | 190% | 218% | 49 | 60 | 76 | 87 |
| Lancaster ** | \$12.04 | \$14.83 | \$18.81 | \$19.77 | 168% | 207% | 263% | 276% | 67 | 83 | 105 | 111 |
| Lebanon ** | \$9.85 | \$12.69 | \$17.23 | \$17.75 | 138% | 178% | 241% | 248% | 55 | 71 | 96 | 99 |
| Philadelphia-Camden-Wilmington ** | \$16.19 | \$19.33 | \$23.13 | \$27.52 | 226% | 270% | 324% | 385% | 91 | 108 | 129 | 154 |
| Pike County * | \$15.71 | \$18.21 | \$24.65 | \$30.19 | 220% | 255% | 345% | 422% | 88 | 102 | 138 | 169 |
| Pittsburgh * | \$11.42 | \$13.65 | \$16.98 | \$18.33 | 160% | 191% | 237% | 256% | 64 | 76 | 95 | 103 |
| Reading ** | \$11.42 | \$14.10 | \$18.85 | \$19.44 | 160% | 197% | 264% | 272% | 64 | 79 | 105 | 109 |
| Scranton—Wilkes-Barre ** | \$10.17 | \$12.21 | \$15.48 | \$16.35 | 142% | 171% | 217% | 229% | 57 | 68 | 87 | 91 |
| Sharon * | \$9.23 | \$11.25 | \$13.79 | \$15.13 | 129% | 157% | 193% | 212% | 52 | 63 | 77 | 85 |
| State College ** | \$13.21 | \$15.56 | \$18.60 | \$19.17 | 185% | 218% | 260% | 268% | 74 | 87 | 104 | 107 |
| Williamsport ** | \$9.62 | \$11.60 | \$15.23 | \$15.65 | 134% | 162% | 213% | 219% | 54 | 65 | 85 | 88 |
| York-Hanover ** | \$11.10 | \$14.08 | \$17.00 | \$17.62 | 155% | 197% | 238% | 246% | 62 | 79 | 95 | 99 |

SOURCE: National Low-Income Housing Coalition: Out of Reach: Why Every Day People Can't Afford Housing (2007).

NOTES: *HMFA / ** SMA

¹⁰ Colton, Roger (June 2009). *The Contribution of Utility Bills to the Unaffordability of Low-Income Rental Housing in Pennsylvania*, at 11 – 12, Pennsylvania Utility Law Project: Harrisburg (PA).

USING THE EARNED INCOME TAX CREDIT (EITC) AS UTILITY BILL PAYMENT ASSISTANCE

Helping income-eligible households to claim their entire federal Earned Income Tax Credit (EITC) is one initiative that Pennsylvania's utilities should pursue for their high range poverty households. The scope of the EITC in providing benefits in Pennsylvania was described above: In Pennsylvania alone:

- In 2006,¹¹ 795,989 taxpayers claimed a total of \$1.422 *billion* in Federal EITC credits (an average credit of \$1,787);
- In 2005, 782,624 taxpayers claimed a total of \$1.358 billion in Federal EITC credits (an average credit of \$1,736);

The EITC tends to serve more moderate income populations. According to the Center on Budget and Policy Priorities (CBPP), the Washington D.C.-based organization operating the national EITC Outreach Campaign, working families with children that have annual incomes below about \$34,000 to \$41,000 (depending on marital status and the number of children in the family) generally are eligible for the EITC. Also, poor workers without children that have incomes below about \$13,000 (\$16,000 for a married couple) can receive a very small EITC.

Despite the availability of the EITC, more can be done to maximize the effectiveness of this program in helping low-income customers. Statewide in Pennsylvania, of the low-income taxpayers claiming the EITC in 2006, 513,541 (65%) used paid tax preparers, while 189,692 (24%) received "tax anticipation loans." In these circumstances, the cost of the tax preparation, according to one Brookings Institution study, is \$150, with an additional cost of \$130 for the Refund Anticipation Loan (RAL), \$280 total. The Brookings Institution found that low-income households receiving such Refund Anticipation Loans pay an annual percentage rate of 171% in interest. These two processes (i.e., the use of paid tax preparers and the use of RALs) pulled more than \$100 *million* out of the low-income community in Pennsylvania in 2006 alone. Efforts supporting and promoting free tax preparation in Pennsylvania have been extraordinarily successful elsewhere. Such efforts should be supported by Pennsylvania utilities.

ACTION STEPS AVAILABLE TO PUBLIC UTILITIES REGARDING EITC CLAIMS

Pennsylvania's public utilities can generate substantial new "energy assistance" benefits for its high-range poverty households by supporting efforts to promote the Earned Income Tax Credit. The view frequently articulated is that few jurisdictions exist that cannot, with a reasonable amount of effort, increase the penetration of income-eligible households claiming their EITC by at least five percent. In Pennsylvania, alone, a five percent (5%) increase in the number of EITC claims would result in nearly 40,000 households newly receiving the EITC, generating an additional \$71 million in benefits flowing into the state.

Given these benefits, Pennsylvania utilities should take the following action steps:

¹¹ 2006 is the last year for which data is available.

- Pennsylvania utilities should direct targeted EITC outreach to customers in arrears. Utilities could direct EITC outreach to payment-troubled customers that the utility has previously identified as being “confirmed low-income” under existing PUC procedures.
- Pennsylvania utilities should fund outreach efforts targeted toward populations that under-utilize the EITC. Rather than doing generic outreach campaigns, the state’s utilities should help fund “gap-filling” outreach. According to the national EITC Outreach Campaign, women fill a disproportionate number of part-time and low-wage jobs. Newly employed women, in particular, are less likely to file for EITC benefits. Moreover, Hispanic parents are much less likely to file for EITC benefits. One Urban Institute study found that only 32% of low-income Hispanic parents knew about the EITC, and only 20% of such parents claimed their EITC. Pennsylvania utilities should direct funding to specific community-based organizations that can document their ability to reach these under-served populations.
- Pennsylvania utilities should refer payment-troubled customers to free tax preparation clinics (called Volunteer Income Tax Assistance, or “VITA,” sites). Customers who contact the utility during the tax preparation season who have received energy assistance in the past, are currently receiving a low-income discount (such as CAP), or have otherwise been identified as “low-income” through existing utility processes, can be directed toward VITA sites in addition to being directed toward energy assistance agencies. Information on VITA sites can be included with shutoff notices, with written confirmation of payment plan terms, or in other collection initiatives. According to EITC outreach specialists, the primary problem with VITA sites is that not enough people use them. Most people do not know about VITA sites; those that do often find it difficult to find them. Unfortunately, the local IRS telephone assistance lines through which people might obtain information on the location of VITA sites are often busy.
- Pennsylvania’s utilities should add EITC outreach to its existing contacts with its customers. Adding an EITC information message during the call-center hold time would be helpful. Adding EITC outreach materials to the utility web site would reach a different population. Including EITC outreach with shutoff notices would provide an opportunity for payment-troubled customers to seek additional financial resources.
- In addition to EITC outreach efforts, Pennsylvania utilities should financially support the provision of free tax preparation clinics designed to help income-eligible households claim their EITC.

Finally, while this report recommends specific action steps for Pennsylvania utilities to take, not all steps need be funded and advanced by the utility industry standing alone. Increasing the number of EITC claims in Pennsylvania would benefit the community as a whole, including the business community. One study in San Antonio, for example, found that every \$1 in EITC benefits received in that city generated \$1.58 in local economic activity. The San Antonio study found further that every \$37,000 in local economic activity would generate one additional permanent job. According to the Brookings Institute, the EITC generates a concentrated infusion into local economies, in many cities, more than \$1.0 million per square mile. One study in

Cuyahoga County (OH) found that the EITC benefits claimed in the early months of 2003 exceeded all the wages and benefits paid in the local hotel industry in that quarter.

Using the 1.58x multiplier effect described above, and the previous research documenting that each \$37,000 in benefits supports one fulltime job, a 5% increase in EITC claims in Pennsylvania would generate more than \$110 million in economic activity in Pennsylvania and more than 3,000 new fulltime jobs. Accordingly, Pennsylvania's utilities should convene a business roundtable, along with appropriate leadership within the nonprofit community, to develop and implement plans for EITC outreach above and beyond that outreach that the utilities direct to their own low-income, payment-troubled population.

The Earned Income Tax Credit can be an important bill payment resource for low-income customers in Pennsylvania. Pennsylvania utilities should devote more attention, and greater resources, to ensuring its full utilization.

Appendix A

Earned Income Tax Credits by County (Pennsylvania) (2006)

| | EITC Returns | EITC Credits | Refund Anticipation Loans | Use of Paid Tax Preparers | Refunds Received | Amounts of Refunds |
|------------|--------------|---------------|---------------------------------|------------------------------|---------------------|-----------------------|
| Adams | 4,952 | \$8,397,159 | 991 | 3,080 | 4,738 | \$15,621,992 |
| Allegheny | 71,035 | \$119,543,964 | 15,577 | 40,146 | 68,456 | \$201,586,290 |
| Armstrong | 4,691 | \$7,887,443 | 1,081 | 2,996 | 4,512 | \$13,986,850 |
| Beaver | 10,829 | \$18,318,322 | 2,293 | 6,899 | 10,398 | \$31,823,746 |
| Bedford | 3,627 | \$6,256,816 | 564 | 2,373 | 3,414 | \$10,672,313 |
| Berks | 27,145 | \$51,830,319 | 8,075 | 19,745 | 26,259 | \$88,880,819 |
| Blair | 9,374 | \$16,140,240 | 2,170 | 5,964 | 9,054 | \$27,680,463 |
| Bradford | 4,818 | \$8,747,915 | 1,189 | 3,579 | 4,556 | \$14,932,593 |
| Bucks | 22,025 | \$34,379,970 | 2,872 | 14,332 | 20,309 | \$60,497,956 |
| Butler | 8,726 | \$14,138,676 | 1,479 | 5,076 | 8,266 | \$24,533,133 |
| Cambria | 10,174 | \$16,770,381 | 1,989 | 6,037 | 9,789 | \$29,328,497 |
| Cameron | 371 | \$628,627 | 82 | 225 | 359 | \$1,145,703 |
| Carbon | 4,102 | \$6,947,330 | 761 | 2,604 | 3,913 | \$12,105,493 |
| Centre | 5,532 | \$8,368,252 | 793 | 3,073 | 5,226 | \$14,980,172 |
| Chester | 14,020 | \$22,659,861 | 2,424 | 8,668 | 13,097 | \$39,728,834 |
| Clarion | 2,636 | \$4,206,590 | 576 | 1,716 | 2,495 | \$7,367,463 |
| Clearfield | 6,197 | \$10,348,040 | 1,319 | 4,138 | 5,960 | \$18,074,050 |
| Clinton | 2,482 | \$4,209,745 | 568 | 1,450 | 2,401 | \$7,795,319 |
| Columbia | 3,853 | \$6,317,526 | 725 | 2,409 | 3,709 | \$11,590,388 |
| Crawford | 6,397 | \$11,169,642 | 1,426 | 4,185 | 6,096 | \$18,650,346 |
| Cumberland | 9,764 | \$15,612,416 | 1,942 | 5,522 | 9,336 | \$28,824,293 |
| Dauphin | 19,325 | \$34,735,300 | 6,188 | 12,134 | 18,825 | \$60,980,505 |
| Delaware | 31,570 | \$57,432,039 | 7,523 | 20,178 | 30,223 | \$98,316,502 |
| Elk | 2,021 | \$3,204,382 | 384 | 1,264 | 1,942 | \$6,096,531 |
| Erie | 21,543 | \$39,475,669 | 4,971 | 13,325 | 20,906 | \$66,169,444 |
| Fayette | 11,734 | \$20,911,496 | 3,290 | 7,944 | 11,285 | \$34,092,229 |
| Forest | 419 | \$667,185 | 70 | 234 | 393 | \$1,108,472 |
| Franklin | 8,356 | \$14,412,385 | 2,124 | 5,724 | 8,016 | \$27,194,798 |
| Fulton | 1,014 | \$1,694,555 | 235 | 738 | 956 | \$3,150,483 |
| Greene | 2,842 | \$5,040,505 | 706 | 1,713 | 2,754 | \$8,440,077 |
| Huntingdon | 2,908 | \$4,969,260 | 475 | 2,284 | 2,767 | \$8,770,823 |
| Indiana | 5,183 | \$8,567,516 | 997 | 3,173 | 4,961 | \$14,753,256 |
| Jefferson | 3,359 | \$5,614,338 | 663 | 2,353 | 3,210 | \$9,812,619 |
| Juniata | 1,341 | \$2,195,069 | 266 | 939 | 1,267 | \$4,242,765 |
| Lackawanna | 14,373 | \$24,759,633 | 3,230 | 8,890 | 13,880 | \$42,852,268 |
| Lancaster | 27,117 | \$48,536,461 | 6,961 | 18,771 | 26,132 | \$86,971,190 |

Earned Income Tax Credits by County (Pennsylvania) (2006)

| | EITC Returns | EITC Credits | Refund Anticipation Loans | Use of Paid Tax Preparers | Refunds Received | Amounts of Refunds |
|----------------|--------------|-----------------|---------------------------|---------------------------|------------------|--------------------|
| Lawrence | 6,339 | \$10,995,873 | 1,216 | 4,190 | 6,075 | \$18,370,742 |
| Lebanon | 7,845 | \$14,197,977 | 2,015 | 5,533 | 7,585 | \$25,268,866 |
| Lehigh | 25,181 | \$49,157,353 | 7,758 | 18,315 | 24,435 | \$81,684,729 |
| Luzerne | 22,499 | \$39,848,921 | 5,742 | 15,232 | 21,726 | \$68,691,396 |
| Lycoming | 8,896 | \$15,452,634 | 2,256 | 5,628 | 8,564 | \$27,058,545 |
| McKean | 3,273 | \$5,665,950 | 861 | 2,212 | 3,144 | \$10,091,948 |
| Mercer | 7,891 | \$13,995,108 | 1,879 | 4,842 | 7,607 | \$23,343,269 |
| Mifflin | 3,395 | \$5,809,002 | 945 | 2,622 | 3,249 | \$10,626,845 |
| Monroe | 9,657 | \$17,421,551 | 1,676 | 6,785 | 9,115 | \$28,293,676 |
| Montgomery | 25,684 | \$40,121,020 | 4,400 | 15,733 | 23,989 | \$71,720,587 |
| Montour | 958 | \$1,559,869 | 195 | 587 | 918 | \$2,857,601 |
| Northampton | 14,753 | \$25,580,478 | 3,462 | 9,762 | 14,164 | \$44,893,404 |
| Northumberland | 6,504 | \$11,260,972 | 1,552 | 4,124 | 6,283 | \$20,203,159 |
| Perry | 2,608 | \$4,290,409 | 485 | 1,561 | 2,485 | \$8,222,563 |
| Philadelphia | 165,557 | \$333,180,096 | 47,495 | 109,262 | 160,899 | \$547,947,070 |
| Pike | 2,977 | \$5,407,246 | 394 | 2,078 | 2,790 | \$8,548,833 |
| Potter | 1,273 | \$2,278,365 | 226 | 920 | 1,179 | \$3,706,105 |
| Schuylkill | 9,540 | \$15,637,362 | 1,675 | 5,777 | 9,205 | \$28,698,456 |
| Snyder | 2,386 | \$3,880,300 | 365 | 1,628 | 2,246 | \$7,348,727 |
| Somerset | 5,351 | \$8,780,388 | 929 | 3,437 | 5,092 | \$15,409,996 |
| Sullivan | 403 | \$655,977 | 49 | 276 | 374 | \$1,117,611 |
| Susquehanna | 3,166 | \$5,671,610 | 619 | 2,303 | 2,947 | \$9,077,223 |
| Tioga | 3,265 | \$5,706,651 | 479 | 2,223 | 3,103 | \$9,696,360 |
| Union | 1,947 | \$3,306,132 | 317 | 1,247 | 1,830 | \$5,828,120 |
| Venango | 4,417 | \$7,581,427 | 1,151 | 2,870 | 4,264 | \$12,880,202 |
| Warren | 2,907 | \$5,081,520 | 604 | 1,625 | 2,799 | \$8,920,645 |
| Washington | 11,797 | \$19,321,143 | 2,650 | 7,384 | 11,291 | \$33,528,196 |
| Wayne | 3,094 | \$5,586,049 | 459 | 2,045 | 2,857 | \$8,966,345 |
| Westmoreland | 20,163 | \$32,933,104 | 3,748 | 12,059 | 19,217 | \$56,100,285 |
| Wyoming | 1,790 | \$3,058,742 | 370 | 1,237 | 1,670 | \$5,231,745 |
| York | 24,618 | \$43,602,732 | 6,741 | 16,163 | 23,816 | \$78,148,134 |
| Grand Total | 795,989 | \$1,422,120,988 | 189,692 | 513,541 | 764,778 | \$2,435,240,058 |

Earned Income Tax Credits by County (Pennsylvania) (2005)

| | EITC Returns | EITC Credits | Refund Anticipation Loans | Use of Paid Tax Preparers | Refunds Received | Amounts of Refunds |
|------------|--------------|---------------|---------------------------------|------------------------------|---------------------|-----------------------|
| Adams | 5,010 | \$8,289,307 | 955 | 3,180 | 4,784 | \$15,246,148 |
| Allegheny | 70,638 | \$116,314,327 | 16,175 | 41,248 | 68,000 | \$194,247,803 |
| Armstrong | 4,730 | \$7,859,998 | 1,012 | 3,097 | 4,521 | \$13,730,226 |
| Beaver | 10,790 | \$17,629,320 | 2,284 | 7,013 | 10,346 | \$30,428,252 |
| Bedford | 3,662 | \$6,019,388 | 588 | 2,400 | 3,437 | \$10,299,138 |
| Berks | 26,398 | \$48,217,191 | 7,607 | 19,020 | 25,567 | \$82,768,040 |
| Blair | 9,308 | \$15,667,992 | 2,100 | 6,070 | 8,986 | \$26,749,170 |
| Bradford | 4,785 | \$8,319,575 | 1,207 | 3,613 | 4,530 | \$14,070,014 |
| Bucks | 21,362 | \$32,645,221 | 2,731 | 14,155 | 19,710 | \$56,871,514 |
| Butler | 8,624 | \$13,777,582 | 1,483 | 5,187 | 8,182 | \$23,741,787 |
| Cambria | 10,374 | \$16,818,966 | 1,974 | 6,283 | 10,001 | \$29,260,629 |
| Cameron | 383 | \$659,712 | 102 | 239 | 366 | \$1,133,905 |
| Carbon | 4,039 | \$6,728,195 | 781 | 2,581 | 3,858 | \$11,588,297 |
| Centre | 5,367 | \$8,001,156 | 751 | 3,057 | 5,080 | \$14,037,539 |
| Chester | 13,831 | \$21,804,967 | 2,511 | 8,752 | 12,972 | \$38,037,680 |
| Clarion | 2,472 | \$4,008,322 | 538 | 1,652 | 2,343 | \$6,911,366 |
| Clearfield | 6,176 | \$10,042,894 | 1,347 | 4,161 | 5,924 | \$17,439,567 |
| Clinton | 2,480 | \$4,133,428 | 601 | 1,504 | 2,404 | \$7,582,295 |
| Columbia | 3,855 | \$6,200,768 | 766 | 2,465 | 3,701 | \$11,354,643 |
| Crawford | 6,306 | \$10,832,674 | 1,369 | 4,106 | 6,012 | \$17,731,213 |
| Cumberland | 9,448 | \$14,737,514 | 1,985 | 5,546 | 9,014 | \$27,070,415 |
| Dauphin | 18,726 | \$32,816,572 | 6,130 | 12,040 | 18,259 | \$57,381,209 |
| Delaware | 30,621 | \$54,324,353 | 7,264 | 19,895 | 29,305 | \$92,057,614 |
| Elk | 1,999 | \$3,132,979 | 427 | 1,297 | 1,919 | \$5,908,535 |
| Erie | 21,144 | \$37,886,214 | 4,862 | 13,084 | 20,476 | \$63,128,114 |
| Fayette | 11,839 | \$20,447,682 | 3,251 | 8,149 | 11,405 | \$33,346,648 |
| Forest | 467 | \$737,985 | 77 | 274 | 441 | \$1,282,125 |
| Franklin | 8,285 | \$13,707,569 | 2,016 | 5,690 | 7,937 | \$25,656,273 |
| Fulton | 992 | \$1,621,909 | 230 | 721 | 947 | \$3,016,074 |
| Greene | 2,873 | \$5,015,473 | 678 | 1,742 | 2,779 | \$8,316,972 |
| Huntingdon | 2,907 | \$4,814,376 | 471 | 2,309 | 2,756 | \$8,586,267 |
| Indiana | 5,187 | \$8,408,265 | 986 | 3,180 | 4,959 | \$14,422,028 |
| Jefferson | 3,390 | \$5,607,989 | 696 | 2,414 | 3,222 | \$9,552,017 |
| Juniata | 1,341 | \$2,121,386 | 274 | 956 | 1,269 | \$4,111,555 |
| Lackawanna | 13,991 | \$23,099,639 | 2,998 | 8,799 | 13,459 | \$39,786,411 |
| Lancaster | 26,280 | \$45,678,907 | 6,723 | 18,395 | 25,364 | \$81,594,854 |

Earned Income Tax Credits by County (Pennsylvania) (2005)

| | EITC Returns | EITC Credits | Refund Anticipation Loans | Use of Paid Tax Preparers | Refunds Received | Amounts of Refunds |
|----------------|--------------|-----------------|---------------------------------|------------------------------|---------------------|-----------------------|
| Lawrence | 6,223 | \$10,485,005 | 1,107 | 4,216 | 5,955 | \$17,489,815 |
| Lebanon | 7,642 | \$13,109,160 | 2,033 | 5,414 | 7,384 | \$23,673,136 |
| Lehigh | 23,806 | \$44,410,436 | 7,137 | 17,286 | 23,043 | \$73,419,493 |
| Luzerne | 21,637 | \$36,671,647 | 5,393 | 14,303 | 20,892 | \$63,682,266 |
| Lycoming | 8,732 | \$14,654,485 | 2,280 | 5,692 | 8,425 | \$25,874,110 |
| McKean | 3,253 | \$5,593,729 | 832 | 2,206 | 3,143 | \$9,837,478 |
| Mercer | 7,904 | \$13,697,147 | 1,807 | 4,928 | 7,600 | \$22,474,629 |
| Mifflin | 3,329 | \$5,486,951 | 910 | 2,601 | 3,185 | \$10,078,364 |
| Monroe | 9,382 | \$16,382,342 | 1,583 | 6,661 | 8,859 | \$26,615,550 |
| Montgomery | 25,340 | \$39,041,116 | 4,325 | 15,986 | 23,657 | \$67,965,814 |
| Montour | 951 | \$1,534,575 | 189 | 592 | 915 | \$2,758,600 |
| Northampton | 14,267 | \$23,802,490 | 3,341 | 9,496 | 13,661 | \$41,866,144 |
| Northumberland | 6,400 | \$10,496,207 | 1,476 | 4,091 | 6,171 | \$19,226,295 |
| Perry | 2,611 | \$4,145,279 | 520 | 1,610 | 2,490 | \$7,911,199 |
| Philadelphia | 162,749 | \$318,178,417 | 46,440 | 104,679 | 158,366 | \$520,774,326 |
| Pike | 2,855 | \$5,060,467 | 404 | 2,044 | 2,657 | \$7,919,689 |
| Potter | 1,363 | \$2,304,181 | 220 | 942 | 1,275 | \$3,836,602 |
| Schuylkill | 9,276 | \$14,904,739 | 1,633 | 5,752 | 8,941 | \$26,874,114 |
| Snyder | 2,298 | \$3,657,943 | 346 | 1,585 | 2,193 | \$6,990,714 |
| Somerset | 5,341 | \$8,609,052 | 908 | 3,519 | 5,079 | \$14,977,265 |
| Sullivan | 431 | \$683,213 | 38 | 296 | 398 | \$1,099,798 |
| Susquehanna | 3,296 | \$5,666,674 | 616 | 2,399 | 3,050 | \$8,981,565 |
| Tioga | 3,316 | \$5,627,597 | 512 | 2,294 | 3,135 | \$9,531,698 |
| Union | 1,883 | \$2,998,569 | 313 | 1,228 | 1,766 | \$5,383,509 |
| Venango | 4,413 | \$7,326,430 | 1,114 | 2,910 | 4,236 | \$12,455,021 |
| Warren | 2,923 | \$4,946,237 | 642 | 1,709 | 2,787 | \$8,666,480 |
| Washington | 11,768 | \$18,970,669 | 2,669 | 7,520 | 11,187 | \$32,368,797 |
| Wayne | 3,195 | \$5,469,611 | 538 | 2,154 | 2,953 | \$8,770,463 |
| Westmoreland | 20,168 | \$32,210,105 | 3,868 | 12,349 | 19,212 | \$54,269,285 |
| Wyoming | 23,998 | \$40,938,958 | 6,851 | 16,235 | 23,151 | \$73,332,652 |
| York | 1,794 | \$3,060,356 | 377 | 1,228 | 1,675 | \$5,266,646 |
| Grand Total | 782,624 | \$1,358,253,582 | 186,372 | 508,199 | 751,676 | \$2,312,817,854 |

Appendix A. Earned Income Tax Credits by County (Pennsylvania) (2004)

| | EITC Returns | EITC Credits | Refund Anticipation Loans | Use of Paid Tax Preparers | Refunds Received | Amounts of Refunds |
|------------|--------------|---------------|---------------------------------|------------------------------|---------------------|-----------------------|
| Adams | 4,933 | \$7,997,484 | 1,104 | 3,167 | 4,706 | \$14,610,260 |
| Allegheny | 70,166 | \$111,682,633 | 18,725 | 41,522 | 67,519 | \$186,970,340 |
| Armstrong | 4,686 | \$7,516,309 | 1,067 | 3,062 | 4,478 | \$13,096,047 |
| Beaver | 10,734 | \$16,961,943 | 2,183 | 6,958 | 10,307 | \$29,437,639 |
| Bedford | 3,554 | \$5,748,489 | 620 | 2,376 | 3,357 | \$9,740,133 |
| Berks | 24,607 | \$43,126,677 | 7,175 | 17,435 | 23,852 | \$74,239,547 |
| Blair | 9,130 | \$14,985,111 | 2,474 | 5,946 | 8,832 | \$25,228,407 |
| Bradford | 4,619 | \$7,846,248 | 1,258 | 3,488 | 4,340 | \$13,111,945 |
| Bucks | 21,153 | \$31,283,827 | 3,254 | 14,042 | 19,527 | \$55,182,862 |
| Butler | 8,522 | \$13,106,555 | 1,569 | 5,216 | 8,066 | \$22,588,250 |
| Cambria | 10,259 | \$16,240,108 | 1,984 | 6,230 | 9,895 | \$27,863,444 |
| Cameron | 371 | \$616,078 | 81 | 241 | 345 | \$1,007,672 |
| Carbon | 3,955 | \$6,264,702 | 860 | 2,505 | 3,782 | \$10,948,335 |
| Centre | 5,289 | \$7,725,054 | 978 | 3,051 | 4,988 | \$13,501,436 |
| Chester | 13,603 | \$20,775,473 | 2,717 | 8,606 | 12,709 | \$36,154,070 |
| Clarion | 2,445 | \$3,840,087 | 510 | 1,626 | 2,313 | \$6,573,470 |
| Clearfield | 6,084 | \$9,537,957 | 1,479 | 4,217 | 5,837 | \$16,658,724 |
| Clinton | 2,414 | \$3,894,726 | 683 | 1,422 | 2,344 | \$7,124,904 |
| Columbia | 3,624 | \$5,748,788 | 773 | 2,268 | 3,466 | \$10,325,193 |
| Crawford | 6,346 | \$10,590,119 | 1,304 | 4,177 | 6,026 | \$17,182,135 |
| Cumberland | 9,040 | \$13,609,921 | 2,101 | 5,284 | 8,664 | \$25,208,432 |
| Dauphin | 18,161 | \$30,641,100 | 6,927 | 11,909 | 17,669 | \$53,616,880 |
| Delaware | 29,542 | \$50,729,997 | 8,194 | 19,073 | 28,237 | \$86,245,163 |
| Elk | 1,987 | \$2,940,002 | 376 | 1,293 | 1,909 | \$5,442,687 |
| Erie | 21,003 | \$36,423,057 | 5,122 | 13,092 | 20,357 | \$60,922,695 |
| Fayette | 11,549 | \$19,504,603 | 3,217 | 7,845 | 11,095 | \$31,501,316 |
| Forest | 451 | \$716,752 | 80 | 264 | 429 | \$1,202,752 |
| Franklin | 8,251 | \$13,283,698 | 2,290 | 5,601 | 7,920 | \$24,909,873 |
| Fulton | 965 | \$1,506,607 | 212 | 695 | 916 | \$2,787,910 |
| Greene | 2,848 | \$4,898,854 | 628 | 1,739 | 2,762 | \$7,980,912 |
| Huntingdon | 2,876 | \$4,734,648 | 474 | 2,242 | 2,741 | \$8,275,717 |
| Indiana | 5,231 | \$8,409,819 | 941 | 3,303 | 4,982 | \$14,296,662 |
| Jefferson | 3,435 | \$5,490,624 | 718 | 2,449 | 3,246 | \$9,404,771 |
| Juniata | 1,322 | \$2,013,433 | 310 | 948 | 1,239 | \$3,911,081 |
| Lackawanna | 13,554 | \$21,722,649 | 3,835 | 8,479 | 13,036 | \$37,467,517 |
| Lancaster | 25,346 | \$42,508,632 | 6,992 | 17,630 | 24,398 | \$76,273,326 |

Appendix A. Earned Income Tax Credits by County (Pennsylvania) (2004)

| | EITC Returns | EITC Credits | Refund Anticipation Loans | Use of Paid Tax Preparers | Refunds Received | Amounts of Refunds |
|----------------|--------------|-----------------|---------------------------------|------------------------------|---------------------|-----------------------|
| Lawrence | 6,134 | \$10,110,768 | 1,101 | 4,153 | 5,861 | \$16,758,250 |
| Lebanon | 7,144 | \$11,864,732 | 2,216 | 5,095 | 6,917 | \$21,277,407 |
| Lehigh | 22,368 | \$39,504,722 | 6,690 | 15,763 | 21,620 | \$65,859,143 |
| Luzerne | 20,868 | \$33,634,445 | 5,589 | 13,527 | 20,073 | \$58,408,406 |
| Lycoming | 8,701 | \$14,296,329 | 2,521 | 5,496 | 8,378 | \$25,050,691 |
| McKean | 3,220 | \$5,402,039 | 818 | 2,243 | 3,095 | \$9,351,637 |
| Mercer | 7,865 | \$13,255,312 | 2,111 | 4,907 | 7,558 | \$21,722,407 |
| Mifflin | 3,282 | \$5,124,531 | 904 | 2,567 | 3,131 | \$9,347,073 |
| Monroe | 8,999 | \$15,324,564 | 1,813 | 6,347 | 8,494 | \$24,829,119 |
| Montgomery | 24,670 | \$36,312,858 | 4,963 | 15,618 | 23,038 | \$63,643,672 |
| Montour | 909 | \$1,461,565 | 215 | 566 | 872 | \$2,592,927 |
| Northampton | 13,569 | \$22,043,623 | 3,223 | 8,922 | 13,016 | \$38,655,061 |
| Northumberland | 6,298 | \$10,094,451 | 1,554 | 3,969 | 6,066 | \$18,248,043 |
| Perry | 2,580 | \$3,964,685 | 562 | 1,595 | 2,467 | \$7,492,223 |
| Philadelphia | 160,309 | \$301,966,873 | 52,987 | 102,639 | 156,130 | \$496,505,277 |
| Pike | 2,431 | \$4,220,287 | 364 | 1,748 | 2,260 | \$6,509,567 |
| Potter | 1,303 | \$2,156,777 | 236 | 928 | 1,226 | \$3,659,392 |
| Schuylkill | 9,134 | \$14,131,433 | 1,640 | 5,568 | 8,808 | \$25,644,379 |
| Snyder | 2,134 | \$3,183,201 | 362 | 1,489 | 2,021 | \$6,124,921 |
| Somerset | 5,335 | \$8,316,346 | 927 | 3,550 | 5,053 | \$14,319,500 |
| Sullivan | 416 | \$653,827 | 43 | 274 | 383 | \$1,114,203 |
| Susquehanna | 3,198 | \$5,479,008 | 711 | 2,370 | 2,975 | \$8,529,743 |
| Tioga | 3,297 | \$5,596,612 | 543 | 2,340 | 3,100 | \$9,329,072 |
| Union | 1,841 | \$2,833,391 | 325 | 1,185 | 1,723 | \$5,039,359 |
| Venango | 4,400 | \$7,222,466 | 1,164 | 2,943 | 4,213 | \$11,894,249 |
| Warren | 2,952 | \$4,889,924 | 593 | 1,804 | 2,846 | \$8,489,665 |
| Washington | 11,751 | \$18,541,965 | 2,862 | 7,562 | 11,235 | \$31,663,340 |
| Wayne | 3,461 | \$5,798,985 | 552 | 2,316 | 3,185 | \$9,156,033 |
| Westmoreland | 19,980 | \$31,090,283 | 4,215 | 12,132 | 18,983 | \$52,156,574 |
| Wyoming | 1,718 | \$38,241,498 | 370 | 1,148 | 1,599 | \$4,716,644 |
| York | 23,034 | \$2,857,678 | 7,374 | 15,419 | 22,256 | \$68,056,137 |
| Grand Total | 765,356 | \$1,284,197,242 | 202,763 | 495,584 | 734,871 | \$2,187,136,621 |

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Appendix B

Earned Income Tax Credits by County (Pennsylvania) (2006)

| | Income of EITC Recipient | | | | | | | |
|------------|--------------------------|-------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | <\$5,000 | \$5-\$9,999 | \$10-\$14,999 | \$15 - \$19,999 | \$20 - \$24,999 | \$25 - \$29,999 | \$30 - \$34,999 | \$35 - \$39,999 |
| Adams | 632 | 884 | 751 | 599 | 711 | 672 | 448 | 105 |
| Allegheny | 11,992 | 15,907 | 12,038 | 8,373 | 8,854 | 7,740 | 4,390 | 1,088 |
| Armstrong | 683 | 898 | 780 | 513 | 534 | 471 | 337 | 89 |
| Beaver | 1,750 | 2,192 | 1,895 | 1,314 | 1,316 | 1,239 | 772 | 226 |
| Bedford | 476 | 659 | 601 | 430 | 409 | 415 | 263 | 36 |
| Berks | 3,700 | 5,136 | 4,673 | 3,710 | 3,816 | 3,170 | 2,000 | 419 |
| Blair | 1,427 | 1,951 | 1,715 | 1,237 | 1,140 | 960 | 621 | 212 |
| Bradford | 615 | 926 | 799 | 650 | 582 | 531 | 340 | 92 |
| Bucks | 3,085 | 4,610 | 3,447 | 2,439 | 2,749 | 2,819 | 1,760 | 433 |
| Butler | 1,322 | 1,790 | 1,480 | 1,021 | 976 | 969 | 655 | 125 |
| Cambria | 1,590 | 2,033 | 1,783 | 1,211 | 1,012 | 950 | 694 | 170 |
| Cameron | 47 | 79 | 53 | 45 | 44 | 38 | 26 | 12 |
| Carbon | 635 | 796 | 664 | 490 | 486 | 451 | 329 | 67 |
| Centre | 794 | 1,078 | 872 | 540 | 620 | 567 | 395 | 116 |
| Chester | 2,100 | 2,834 | 2,122 | 1,596 | 1,706 | 1,759 | 1,112 | 240 |
| Clarion | 394 | 513 | 388 | 255 | 243 | 242 | 167 | 16 |
| Clearfield | 832 | 1,203 | 1,028 | 598 | 632 | 509 | 436 | 81 |
| Clinton | 330 | 461 | 428 | 288 | 306 | 272 | 178 | 29 |
| Columbia | 545 | 775 | 656 | 465 | 481 | 404 | 312 | 86 |
| Crawford | 1,051 | 1,275 | 1,135 | 800 | 733 | 654 | 437 | 141 |
| Cumberland | 1,383 | 1,880 | 1,523 | 1,169 | 1,300 | 1,259 | 859 | 219 |
| Dauphin | 2,840 | 3,722 | 3,054 | 2,489 | 2,808 | 2,439 | 1,462 | 310 |
| Delaware | 4,072 | 6,266 | 5,431 | 4,054 | 4,326 | 4,135 | 2,562 | 506 |
| Elk | 294 | 361 | 317 | 226 | 195 | 227 | 138 | 40 |
| Erie | 3,452 | 4,428 | 4,007 | 2,920 | 2,556 | 2,189 | 1,419 | 429 |

Earned Income Tax Credits by County (Pennsylvania) (2006)

| | Income of EITC Recipient | | | | | | | |
|----------------|--------------------------|-------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | <\$5,000 | \$5-\$9,999 | \$10-\$14,999 | \$15 - \$19,999 | \$20 - \$24,999 | \$25 - \$29,999 | \$30 - \$34,999 | \$35 - \$39,999 |
| Fayette | 1,828 | 2,398 | 2,113 | 1,438 | 1,174 | 914 | 643 | 129 |
| Forest | 45 | 98 | 62 | 43 | 30 | 42 | 14 | 0 |
| Franklin | 991 | 1,407 | 1,178 | 1,028 | 1,187 | 1,086 | 672 | 211 |
| Fulton | 128 | 148 | 149 | 79 | 104 | 127 | 68 | 14 |
| Greene | 406 | 527 | 532 | 310 | 244 | 207 | 145 | 22 |
| Huntingdon | 378 | 510 | 443 | 299 | 254 | 268 | 161 | 36 |
| Indiana | 726 | 998 | 921 | 527 | 484 | 471 | 256 | 77 |
| Jefferson | 487 | 658 | 604 | 351 | 340 | 287 | 250 | 74 |
| Juniata | 146 | 210 | 184 | 126 | 188 | 190 | 148 | 32 |
| Lackawanna | 2,396 | 3,015 | 2,387 | 1,925 | 1,786 | 1,494 | 948 | 272 |
| Lancaster | 3,653 | 5,082 | 4,214 | 3,567 | 3,800 | 3,370 | 2,150 | 575 |
| Lawrence | 1,007 | 1,403 | 1,075 | 758 | 730 | 614 | 445 | 134 |
| Lebanon | 980 | 1,510 | 1,265 | 1,034 | 1,151 | 941 | 591 | 170 |
| Lehigh | 3,197 | 5,164 | 4,667 | 3,566 | 3,374 | 2,904 | 1,728 | 365 |
| Luzerne | 3,210 | 4,849 | 4,145 | 2,997 | 2,782 | 2,303 | 1,485 | 361 |
| Lycoming | 1,331 | 1,811 | 1,584 | 1,160 | 1,070 | 954 | 607 | 186 |
| McKean | 428 | 639 | 523 | 344 | 359 | 338 | 236 | 67 |
| Mercer | 1,244 | 1,638 | 1,429 | 1,026 | 880 | 763 | 566 | 128 |
| Mifflin | 498 | 633 | 536 | 394 | 463 | 415 | 258 | 85 |
| Monroe | 1,301 | 2,001 | 1,696 | 1,224 | 1,151 | 1,073 | 690 | 155 |
| Montgomery | 3,964 | 5,199 | 3,850 | 2,872 | 3,137 | 3,297 | 2,184 | 507 |
| Montour | 138 | 190 | 160 | 104 | 112 | 114 | 79 | 22 |
| Northampton | 2,018 | 3,000 | 2,450 | 1,892 | 1,919 | 1,769 | 1,196 | 284 |
| Northumberland | 862 | 1,259 | 1,101 | 808 | 848 | 697 | 470 | 127 |
| Perry | 331 | 466 | 381 | 280 | 320 | 362 | 244 | 46 |
| Philadelphia | 21,389 | 33,856 | 29,651 | 23,520 | 23,116 | 20,248 | 11,557 | 2,058 |

Earned Income Tax Credits by County (Pennsylvania) (2006)

| | Income of EITC Recipient | | | | | | | |
|--------------|--------------------------|-------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | <\$5,000 | \$5-\$9,999 | \$10-\$14,999 | \$15 - \$19,999 | \$20 - \$24,999 | \$25 - \$29,999 | \$30 - \$34,999 | \$35 - \$39,999 |
| Pike | 375 | 578 | 508 | 406 | 349 | 325 | 215 | 46 |
| Potter | 184 | 247 | 231 | 147 | 128 | 100 | 90 | 10 |
| Schuylkill | 1,357 | 1,866 | 1,529 | 969 | 1,044 | 1,043 | 643 | 150 |
| Snyder | 309 | 380 | 335 | 270 | 298 | 337 | 241 | 59 |
| Somerset | 774 | 972 | 874 | 603 | 597 | 522 | 347 | 120 |
| Sullivan | 35 | 70 | 49 | 17 | 30 | 14 | 0 | 0 |
| Susquehanna | 406 | 612 | 536 | 335 | 319 | 317 | 198 | 56 |
| Tioga | 446 | 633 | 558 | 405 | 346 | 297 | 190 | 48 |
| Union | 250 | 350 | 309 | 203 | 241 | 234 | 184 | 36 |
| Venango | 686 | 986 | 787 | 507 | 439 | 436 | 299 | 60 |
| Warren | 349 | 589 | 494 | 388 | 335 | 298 | 195 | 52 |
| Washington | 1,800 | 2,390 | 2,026 | 1,356 | 1,321 | 1,154 | 716 | 143 |
| Wayne | 394 | 586 | 460 | 404 | 335 | 273 | 190 | 46 |
| Westmoreland | 3,125 | 4,121 | 3,299 | 2,213 | 2,238 | 1,939 | 1,369 | 386 |
| Wyoming | 261 | 361 | 292 | 239 | 213 | 182 | 152 | 25 |
| York | 3,359 | 4,780 | 4,068 | 3,245 | 3,277 | 3,044 | 1,964 | 462 |
| Grand Total | 113,233 | 160,847 | 135,295 | 100,811 | 101,048 | 90,844 | 56,896 | 13,123 |