# Impact of the Earned Income Credit and the Working Family Credit on Limited Resource Families in Minnesota

ELIZABETH J. SANDELL AND DONNA BAILEY

This study examines the effectiveness of the federal Earned Income Credit (EIC) and Minnesota's Working Family Credit (WFC) in meeting their original policy goals: support persons who are joining the workforce; assist families on low wages; and provide for low- and moderate-income families to participate in tax benefits. The report grew out of the Working Family Tax Credit (WFTC) marketing campaign— a cooperative effort to provide information to working people with low or moderate incomes in Minnesota. Research indicated that the tax credits for working families are indeed meeting those goals. In 1997 in Minnesota, approximately 70 percent of those eligible received WFC funds, and more than $281 million was returned to 204,797 Minnesota families, for an average refund of $1,570.

Elizabeth J. Sandell is a Program Leader in the Families That Work Program, Office of Outreach, College of Human Ecology, University of Minnesota.

Donna Bailey is a Program Coordinator in the Families That Work Program, Office of Outreach, College of Human Ecology, University of Minnesota.

## Introduction

For decades, policymakers have used a variety of federal and state tax credit programs to implement social policies (such as post-secondary training tuition credits for veterans). The federal Earned Income Credit (EIC) and Minnesota's Working Family Credit (WFC) are refundable tax credits administered through the income tax system that are available to individuals with income from wages or self-employment. Generally, the tax credits increase and then phase out as the individual's earned income increases. Because these are refundable, families receive the full amount of the credit even if the credit amount is greater than their income tax liability. The amount by which the credit exceeds taxes owed is paid as a refund. If a family has no income tax liability, the family receives the entire tax credit as a refund.

This report grew out of the Working Family Tax Credit (WFTC) marketing/outreach campaign—a seven year-old cooperative effort to provide information about the EIC and WFC to working people with low or moderate incomes in Minnesota. This campaign is coordinated by the University of Minnesota College of Human Ecology Office of Outreach and led by members of the WFTC advisory committee. Through the WFTC, information was disseminated through many organizations, including the University of Minnesota Extension Service in 75 of 87 counties, the AFL-CIO, and others through direct mailings of newsletters and brochures, mass media, automated information services, and other social marketing activities. The marketing/outreach campaign is linked with appropriate taxpayer assistance services, such as the Volunteer Income Tax Assistance (VITA) program and the Minnesota Accounting Aid Society (MAAS).

The research findings indicate that the tax credits for working families lifted 4.6 million people nationwide (including 2.4 million children) in working families out of poverty, increased work efforts substantially among families moving from welfare to work, and moderated the widening income gaps between the wealthy and the working poor (Center on Budget and Policy Priorities, 1998; Greenstein and Shapiro, 1998).

## Tax Credits as Policy

The federal EIC was established in 1975 to offset the adverse effects of payroll taxes on working-poor families and to strengthen incentives to work. Since then, the EIC has been expanded several times in order to support public assistance recipients who are joining the workforce, to assist others raising a family on low wages, and to offset further the effects of payroll taxes (Johnson and Lazere, 1998).

Minnesota policymakers established the WFC in 1991 to complement the federal EIC and as a strategy to reduce poverty among working families, help low-wage workers as they leave public assistance and enter the work force, and allow low- and moderate-income families to share in the benefits of tax credits (Johnson and Lazere, 1998; Minnesota Statute Chapter 389, Article 6, Section 7). For tax year 1998, Minnesota substantially expanded its refundable WFC for families with children. The credit, formerly set at 15 percent of the EIC, now equals 20 to 42 percent of the EIC, depending on family size and income. The amount of the credit remains at 15 percent for workers who do not have children. This change will increase the average WFC recipient's state tax credit by about 66 percent (Johnson and Lazere, 1998; Minnesota Statute Chapter 389, Article 6, Section 7).

## Tax Credits as Anti-Poverty Strategies

If the EIC and WFC owed to a low-income working family is larger than the income tax the family owes, the family receives a refund from the Internal Revenue Service and the Minnesota Department of Revenue for the difference. Working families with children that have incomes modestly below the poverty line receive the largest EIC tax credits (Center on Budget and Policy Priorities, 1998).

Census Bureau estimates indicates that the EIC provided enough aid in 1996 to lift nearly one in six poor children out of poverty. Various government programs, including Social Security, unemployment insurance, assistance grants, food stamps, and housing assistance also lift families out of poverty. However, of all children moved out of poverty by government-related programs in 1996, about 37 percent were lifted out of poverty by the EIC (Children's Defense Fund, 1998).

## Tax Credits as Work Incentives

The EIC and WFC are significant antipoverty strategies to improve the financial status of individuals who are entering the workforce for the first time or returning after being on welfare.

Since the EIC began in 1975, it has been expanded several times in order to support public assistance recipients who are joining the workforce and increasing the income of low wage earners. As a result of Minnesota's tax threshold and expansions of both the EIC and WFC, limited resource families retain more of their gross income. As Table 1 indicates, the credits only begin to phase out as a family's income increases above the poverty level, unlike programs such as Minnesota Family Investment Plan—Statewide (MFIP-S) and food stamps where benefits end as families reach certain income levels (California Legislative Analyst's Office, 1998).

As annual gross adjusted income reaches the phaseout range, some critics believe workers may be less motivated to work in order to remain eligible for the credit. Quantitative evidence does not confirm that families are reducing work hours once they enter the phaseout range for the EIC and WFC in order to maintain eligibility (Greenstein and Shapiro, 1998).

Some theorists suggest that the long-term impacts of full-time employment will establish behaviors and provide economic benefits, such as health care, which are not possible for those who work part-time or not at all. These shifts in behavior may lead to greater self-sufficiency and family stability, prompting individuals to rely more on internal motivations and perceived benefits than the tax credits alone as work incentives (California Legislative Analyst's Office, 1998).

**Table 1:** EIC refund, WFC refund, combined EIC and WFC at selected wage levels for single wage earners with one or two children

| Number of Children* | Wages/Hour | EIC Refund | WFC Refund | Combined EIC & WFC |
|---|---|---|---|---|
| 1 | $5.50 Part-time | $1,940 | $390 | $2,330 |
| 2 | $5.50 Part-time | 2290 | 460 | 2750 |
| 1 | $5.50 Full-time | 2270 | 450 | 2720 |
| 2 | $5.50 Full-time | 3760 | 750 | 4510 |
| 1 | $7.00 Full-time | 1900 | 570 | 2470 |
| 2 | $7.00 Full-time | 3260 | 800 | 4060 |
| 1 | $10.00 Full-time | 910 | 270 | 1180 |
| 2 | $10.00 Full-time | 1960 | 820 | 2780 |
| 1 | $14.00 Full-time | 0 | 0 | 0 |
| 2 | $14.00 Full-time | 210 | 90 | 300 |

*Assumes only one wage income and no children over 17 years old.
Source: Minnesota Department of Revenue and Minnesota Department of Human Services. 1997-1998. Tax Credit Calculator. St. Paul, MN: Minnesota Department of Revenue.

## Sharing Tax Credit Benefits

The Minnesota Department of Revenue identifies the number of tax filers who have received the tax credits for each year. Since enacting the Minnesota WFC in 1991, the amounts of credit returned for the EIC and WFC have grown substantially (Table 2). The average combined refund has nearly doubled, and the total combined refund has increased from $110,000,000 to more than $323,000,000, nearly three times the 1991 total refund.

At the time of this report, the most recent detailed information available from the Minnesota Department of Revenue was for the 1996 tax year returns. During the 1996 tax year, the WFC provided an extra 15 percent to the EIC that families received from the Internal Revenue Service. The 1996 tax year compilations showed that more than $42,463,600 was returned to more than 214,000 families (Minnesota Department of Revenue, 1998).

Minnesota substantially expanded the WFC for families with children in 1998, to further supplement the wages of families with children. The credit has been increased from a set 15 percent of the EIC to as much as 42 percent of the EIC, depending on the number of dependents and income. This expansion can increase the WFC benefit to families with 2 or more children by about 66 percent (Lazere, 1997).

## Minnesota Experience

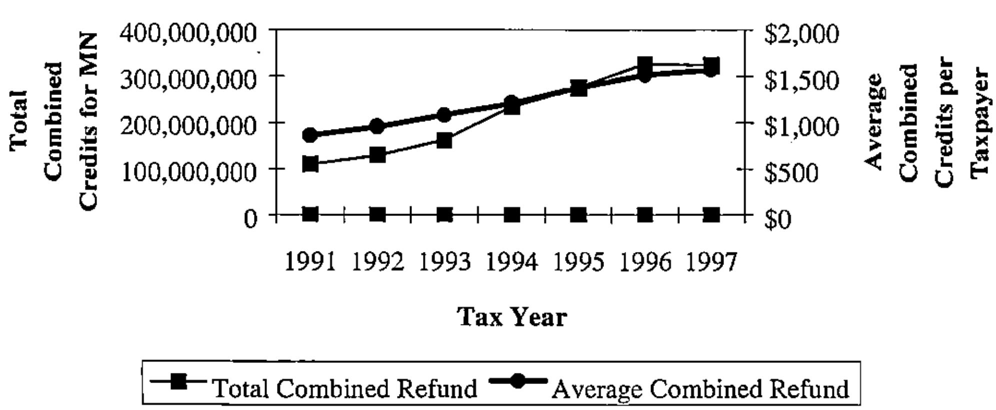
The changes to Minnesota's social policy will have numerous effects on families currently receiving government assistance and those who are no longer eligible. To date, no other benefit program compared to the EIC and WFC has provided as much financial support to lift families out of poverty (Center on Budget and Policy Priorities, 1998). Therefore, it is critical to understand the importance of the outreach and taxpayer assistance efforts to encourage greater participation in the benefit among eligible families. These efforts inform families transitioning out of government assistance grants and link them to the taxpayer assistance services so that families actually receive the credit, providing a supplement to their current income.

The remainder of this section will review the effects of the EIC and WFC as shown by the geographic distribution of the EIC and WFC returned to Minnesotans by county in 1996 and the actual number of Minnesota taxpayers receiving the EIC and WFC for tax year 1996 compared to those potentially eligible, based on 1990 census bureau data.

## Geographic Distribution of Refunds and Estimated Participation Rates

Table 3 shows the distribution of WFC refunds by Minnesota county for the 1996 tax year. While this information does not allow for conclusions about impact of the immediate (1997) tax year, it does provide some information about the geographic distribution of tax credit returns (Minnesota Department of Revenue, 1998). Statewide, an estimated 70 percent of those

Table 2: Total and Average Combined EIC and WFC Returns in Minnesota, 1991 - 1997




Source: Minnesota Department of Revenue, Tax Research Division February, 1998.

eligible for WFC refunds actually received WFC refunds. In general, the seven-county metro area shows high estimated rates of WFC recipients compared to those eligible: from an estimated 65-69 percent in Hennepin and Ramsey counties to approaching 100 percent in Dakota and Scott counties. In contrast, counties in greater Minnesota show a wider variation in estimated participation rates (between 13 percent in Pope county and 22 percent in Mahnomen county to approximately 100 percent in Sherburne county).

## Recipients Compared to Eligible

The 1996 tax year compilations showed that more than $277.7 million was returned to 209,689 families in Minnesota. The average combined tax credit for the EIC and the WFC was $1,325. The 1997 tax year compilations (as of August 31, 1998) showed that more than $281 million was returned to 204,797 families in Minnesota (an estimated 66 percent of those eligible). The 1997 tax year average combined tax credit for the EIC and the WFC was $1,570 (Minnesota Department of Revenue, 1998).

Table 3 compares the number of taxpayers who actually received the WFC in the 1996 tax year to the number of eligible families in each county. This information is useful in order to identify which areas of the state might benefit from more concentrated outreach efforts. Although much of the outreach campaign was concentrated within the seven county metro area through numerous social service organizations, community groups and the University of Minnesota Extension Service, the data highlights the areas of the state where more families and children may be eligible (Minnesota Department of Revenue, 1998).

## Use of Tax Credits

MAAS volunteers and University of Minnesota Extension Service (Extension) staff members conducted a small survey of less than 100 taxpayers who sought assistance in completing tax returns for 1997. The survey was conducted to find out how taxpayers learned about the credits and what they would do with their refunds and returns. The largest group of survey respondents (43 percent) heard about the tax credits by word of mouth from someone they knew or through advertisements. Others had heard about the benefits by previously filing tax returns or from the VITA centers. Respondents said they would use the tax credits to pay bills (47 percent) or to pay for housing, transportation, or child-related expenses (28 percent). Another group (13 percent) reported that they would spend the tax credit refund right away (University of Minnesota, 1998). Anecdotal evidence indicated that the tax credits make a difference for Minnesota families. Two of these anecdotes include the following situations (University of Minnesota, 1998).

A family of five (including two adults and three children) lost their mobile home in the 1997 floods. They had been saving for several years for a down payment for a home. With the EIC/WFC tax credits, they now had enough for a down payment for this home.

A single mother received information about the EIC/WFC through an Extension class. She went to one of the VITA sites in her area and learned that she was eligible for tax credits from the past three years—more than $8,000. After completing her tax returns, another financial worker at the same site told her about a first time home-buyers program. After working out all the details, the mother had enough to make a down payment and to furnish her first home.

## Expert Review

The information and data collected in this study were reviewed by the members of the Working Family Tax Credit (WFTC) Advisory Committee, composed of representatives of state and federal agencies, non-profit organizations, religious associations, child advocacy groups, and educational institutions. The WFTC advisory committee members provided advice and feedback for marketing the tax credits to Minnesota taxpayers, as well as for providing volunteer assistance in preparing tax returns. Table 4 is a list of the 1997-98 committee member organizations.

In their comments, the committee members emphasized that taxpayers will not and cannot file for tax credits unless they know about them. Support is needed for efforts which provide tax credit information to eligible audiences through various marketing media. The marketing/outreach efforts must be provided appropriately to non-English speaking audiences.

The committee also noted that taxpayers will not and cannot file for tax credits unless they understand how to complete tax returns. In many cases, this is the first time newly employed workers have completed their own tax returns—they will need intensive assistance with the paperwork. Support is needed for recruiting, training, and maintaining volunteers who can help limited resource persons complete their tax returns. Volunteers are needed who can communicate appropriately with persons from diverse cultures.

In addition to providing eligible families with information about EIC and WFC, the promotion of tax credits open up a much larger opportunity for families with limited resources. Families can also learn about childcare credits, education credits, property tax rebates and other benefits delivered through both the state and federal tax system. This kind of empowerment broadens economic opportunities and promotes self-sufficiency by encouraging first time home-buying, debt repayment, entrepreneurial and educational opportunities and long-term saving and investment options.

During this period of social transition, families would benefit from receiving related services in concert with taxpayer outreach and assistance. For example, if taxpayer assistance was a part of the Workforce Center priorities, families could receive information about work opportunities and also learn about the full range of tax incentives they could receive as result of employment. Once workers have received information about the credits, service providers can guide them through a range of options to make the best use of the credit.

## Discussion

Research and anecdotal evidence confirms that the EIC and WFC have been effective at meeting the goals of reducing poverty among working families with children, making work pay better, and sharing benefits of tax credits with low-income families, too. Increased financial resources add to household stability and allow greater purchasing power for families. Local communities and businesses benefit when more families have purchasing resources.

Typically, new workers coming off public assistance initially secure low-paying jobs, often below poverty level. Earnings of $8,400 to $10,000 per year are insufficient to lift a single-

Table 4: Working Family Tax Credit advisory committee membership, 1997 – 1998

AFL-CIO
Children's Defense Fund of Minnesota
Congregations Concerned for Children
Hmong American Partnership
Internal Revenue Service
Legal Services Advocacy Project
Minneapolis Family and Children's Services
Minnesota Accounting Aid Society
Minnesota Community Action Association
Minnesota Department of Revenue
Minnesota Early Learning Design
Minnesota Food Share Association
Saint Paul Area United Way
The Saint Paul Foundation
The Sheltering Arms Foundation
United Way of Minneapolis
University of Minnesota College of Human Ecology
University of Minnesota Extension Service

## Table 3: Working Family Credits Returned By Minnesota County, 1996

| County | Total Number of Tax Returns Filed | Estimated Number Eligible for WFC Refunds* | Total Number Receiving WFC Refunds | Percent Eligible Actually Receiving WFC Refunds | Total Amount of WFC Refunded |
|---|---|---|---|---|---|
| Aitkin | 5,802 | 2,198 | 1,014 | 46 | $225,923 |
| Anoka | 123,800 | 9,607 | 10,023 | 100 | $1,971,251 |
| Becker | 11,717 | 3,841 | 1,930 | 50 | $401,293 |
| Beltrami | 13,457 | 5,220 | 2,397 | 45 | $500,302 |
| Benton | 13,739 | 2,350 | 1,725 | 73 | $352,715 |
| Big Stone | 2,669 | 745 | 381 | 51 | $76,521 |
| Blue Earth | 23,238 | 4,151 | 2,471 | 59 | $455,876 |
| Brown | 13,409 | 1,663 | 1,237 | 74 | $237,095 |
| Carlton | 12,919 | 2,919 | 1,586 | 54 | $322,924 |
| Carver | 27,638 | 2,053 | 1,741 | 84 | $332,961 |
| Cass | 8,632 | 3,614 | 1,636 | 45 | $383,979 |
| Chippewa | 5,989 | 1,439 | 673 | 47 | $145,749 |
| Chisago | 18,191 | 1,862 | 1,824 | 97 | $374,834 |
| Clay | 19,278 | 3,958 | 2,438 | 61 | $494,930 |
| Clearwater | 3,353 | 1,421 | 690 | 48 | $151,500 |
| Cook | 2,284 | 239 | 259 | 100 | $50,979 |
| Cottonwood | 5,351 | 1,241 | 657 | 53 | $137,971 |
| Crow Wing | 23,334 | 5,318 | 3,324 | 62 | $691,120 |
| Dakota | 152,484 | 9,297 | 9,793 | 100 | $1,926,545 |
| Dodge | 7,202 | 1,049 | 703 | 67 | $142,936 |
| Douglas | 13,845 | 3,067 | 1,681 | 54 | $339,080 |
| Faribault | 7,970 | 1,742 | 1,110 | 64 | $225,870 |
| Fillmore | 9,681 | 2,126 | 1,207 | 53 | $255,337 |
| Freeborn | 13,730 | 2,853 | 1,783 | 62 | $355,899 |
| Goodhue | 19,766 | 2,730 | 1,707 | 62 | $335,919 |
| Grant | 3,050 | 737 | 409 | 55 | $81,538 |
| Hennepin | 518,167 | 61,324 | 42,588 | 69 | $8,101,809 |
| Houston | 8,463 | 1,218 | 923 | 76 | $186,601 |
| Hubbard | 6,617 | 2,190 | 1,143 | 52 | $250,489 |
| Isanti | 11,170 | 1,751 | 1,333 | 76 | $290,899 |
| Itasca | 17,329 | 5,378 | 2,801 | 52 | $610,193 |
| Jackson | 4,714 | 1,190 | 567 | 48 | $112,784 |
| Kanabec | 4,899 | 1,438 | 857 | 59 | $193,704 |
| Kandiyohi | 17,940 | 3,292 | 2,426 | 74 | $495,397 |
| Kittson | 2,358 | 484 | 272 | 56 | $56,410 |
| Koochiching | 6,283 | 1,531 | 889 | 58 | $184,644 |
| Lac Qui Parle | 3,507 | 309 | 403 | 100 | $72,140 |
| Lake | 4,689 | 364 | 500 | 100 | $94,119 |
| Lake of the Wood | 1,897 | 386 | 330 | 85 | $72,427 |
| LeSueur | 11,220 | 1,565 | 1,057 | 67 | $215,153 |
| Lincoln | 2,733 | 891 | 387 | 43 | $76,790 |
| Lyon | 11,289 | 1,945 | 1,230 | 63 | $259,753 |
| Mahnomen | 1,930 | 1,612 | 367 | 22 | $83,965 |
| Marshall | 4,782 | 1,065 | 631 | 59 | $132,553 |

*Estimated number eligible for WFC are based on income levels for populations identified in 1990 U.S. Census. Therefore, estimated number eligible may be greater that total number receiving WFC refunds in 1996.

| County | Total Number of Tax Returns Filed | Estimated Number Eligible for WFC Refunds* | Total Number Receiving WFC Refunds | Percent Eligible Actually Receiving WFC Refunds | Total Amount of WFC Refunded |
|---|---|---|---|---|---|
| Martin | 10,379 | 1,250 | 1,319 | 100 | $266,903 |
| McLeod | 16,204 | 2,250 | 1,575 | 70 | $313,980 |
| Meeker | 8,918 | 1,879 | 1,020 | 54 | $209,750 |
| Mille Lacs | 10,384 | 2,215 | 1,538 | 69 | $336,884 |
| Morrison | 13,612 | 3,758 | 2,347 | 62 | $499,800 |
| Mower | 16,609 | 2,816 | 2,068 | 73 | $410,101 |
| Murray | 3,865 | 1,070 | 422 | 39 | $91,876 |
| Nicollet | 12,195 | 1,375 | 1,083 | 79 | $212,166 |
| Nobles | 9,363 | 1,852 | 1,304 | 70 | $265,791 |
| Norman | 3,239 | 884 | 465 | 53 | $98,555 |
| Olmsted | 52,451 | 4,853 | 4,333 | 89 | $812,552 |
| Otter Tail | 22,089 | 5,885 | 3,055 | 52 | $637,630 |
| Pennington | 5,918 | 1,725 | 854 | 50 | $183,559 |
| Pine | 9,933 | 2,251 | 1,573 | 70 | $357,419 |
| Pipestone | 4,689 | 1,253 | 628 | 50 | $135,517 |
| Polk | 13,342 | 3,464 | 1,864 | 54 | $400,666 |
| Pope | 4,735 | 4,683 | 592 | 13 | $129,121 |
| Ramsey | 228,446 | 35,008 | 22,875 | 65 | $4,457,450 |
| Red Lake | 1,976 | 527 | 269 | 51 | $55,355 |
| Redwood | 8,502 | 1,760 | 943 | 54 | $181,124 |
| Renville | 8,129 | 1,769 | 829 | 47 | $179,193 |
| Rice | 22,463 | 2,790 | 2,193 | 79 | $443,079 |
| Rock | 4,168 | 871 | 461 | 53 | $94,463 |
| Roseau | 7,310 | 1,318 | 860 | 65 | $165,113 |
| Scott | 32,388 | 2,107 | 2,147 | 100 | $425,433 |
| Sherburne | 23,579 | 1,853 | 2,100 | 100 | $429,005 |
| Sibley | 6,446 | 1,247 | 728 | 58 | $151,965 |
| St. Louis | 84,418 | 20,464 | 10,157 | 50 | $1,982,866 |
| Stearns | 52,359 | 7,690 | 5,523 | 72 | $1,059,279 |
| Steele | 15,172 | 1,702 | 1,405 | 83 | $271,192 |
| Stevens | 4,135 | 864 | 402 | 47 | $76,194 |
| Swift | 5,009 | 1,287 | 631 | 49 | $128,118 |
| Todd | 8,960 | 3,412 | 1,640 | 48 | $367,658 |
| Traverse | 1,807 | 519 | 234 | 45 | $44,317 |
| Wabasha | 9,688 | 1,312 | 995 | 76 | $198,624 |
| Wadena | 6,096 | 2,384 | 1,152 | 48 | $248,238 |
| Waseca | 8,459 | 1,332 | 910 | 68 | $181,161 |
| Washington | 82,864 | 5,251 | 4,600 | 88 | $873,580 |
| Watonwan | 5,358 | 962 | 831 | 86 | $194,201 |
| Wilkin | 3,236 | 863 | 354 | 41 | $75,338 |
| Winona | 19,865 | 3,003 | 2,161 | 72 | $406,192 |
| Wright | 36,367 | 3,600 | 3,300 | 92 | $650,656 |
| Yellow Medicine | 5,002 | 1,279 | 555 | 43 | $109,407 |
| Unknown/Other | 114,079 | 0 | 7,183 | | $1,191,230 |
| **TOTAL** | 2,226,721 | 314,010 | 214,581 | 68 | $42,463,579 |

**Minnesota Department of Revenue, Tax Research Division, February 2, 1998**

parent family of three above the poverty line, even with the federal EIC. A combination of the federal EIC and a state WFC, however, can close the poverty gap for many former welfare recipients as they move into the workforce.

Minnesota also has an interest in supporting the work efforts of low- and moderate-income wage-earners in order to keep them in the workforce in jobs that fully support their families. Income credits help meet ongoing expenses associated with working—such as transportation and child care. The credits also allow families to handle unforeseen costs that otherwise might force them to public assistance.

Most state tax systems levy substantial taxes, including sales and property taxes, on all families, including income taxes on working-poor families. The EIC and WFC help avoid taxing families deeper into poverty. Furthermore, the WFC helps low- and moderate-income families share in the benefits of tax cuts enacted during strong economic periods.

## References


California Legislative Analyst's Office. 1998. What is the EITC? How does it affect the work incentives and tax burden of lower-income workers? Sacramento, CA: California Legislative Analyst's Office.

Center on Budget and Policy Priorities. March 1998. Strengths of the Safety Net: How the EITC, Social Security, and Other Government Programs Affect Poverty. Washington, DC: Center on Budget and Policy Priorities.

Center on Budget and Policy Priorities. 1997. State Income Tax Burdens on Low-income Families in 1997: Assessing the Burden and Opportunities for Relief. Washington, DC: Center on Budget and Policy Priorities.

Children's Defense Fund. 1998. Reestablishing the Value of Families: A Guide for Public Policy—Minnesota. Washington, DC: Children's Defense Fund.

Children's Defense Fund. 1998. The State of America's Children. Washington, DC: Children's Defense Fund.

Dickert, S., S. Hauser, and J. K. Scholz. 1995. "The Earned Income Tax Credit and Transfer Programs: A Study of Labor Market and Program Participation," in Tax Policy and the Economy, Vol. 9. James M. Poterba, ed. Cambridge, MA: MIT Press.

Eissa, N. and J. B. Liebman. May 1996. "Labor Supply Response to the Earned Income Tax Credit." Quarterly Journal of Economics. 112:2, pp. 605 – 37.

Greenstein, R. and I. Shapiro. 1998. New research findings on the effects of the Earned Income Tax Credit. Washington, DC: Center on Budget and Policy Priorities.

Johnson, N. and E. Lazere. September 1998. Rising Number of States Offer Earned Income Tax Credits. Washington, DC: Center on Budget and Policy Priorities.

Lazere, E. 1997. State Earned Income Tax Credits Build on the Strengths of the Federal EITC. Washington, DC: Center on Budget and Policy Priorities.

Meyer, B. D. and D. T. Rosenbaum. March 7, 1998. Welfare, The Earned Income Tax Credit, and the Labor Supply of Single Mothers.

Minnesota Department of Revenue. 1998. Working Family Credit by County. St. Paul, MN: Minnesota Department of Revenue.

Minnesota Department of Revenue and Minnesota Department of Human Services. 1997 – 1998. Tax Credit Calculator Version 3.0. St. Paul, MN: Minnesota Department of Revenue and Minnesota Department of Human Services.

Mueller, E. J. and A. Schwartz. May, 1998. "Leaving Poverty through Work." Economic Development Quarterly, 12:2, pp. 166-80.

Scholz, J. K. 1994. "The Earned Income Tax Credit: Participation, Compliance, and Antipoverty Effectiveness." National Tax Journal. 63, pp. 70 – 71.

State of Minnesota. 1997 Laws of Minnesota. Statute Chapter 389, Article 6, Section 7.

U. S. Office of Management and Budget. Spring, 1998. IRS Statistics of Income Bulletin. Washington, DC: U. S. Office of Management and Budget.

University of Minnesota. 1998. Minnesota Working Family Tax Credit Program Annual Report, Fiscal Year 1998. St. Paul, MN: University of Minnesota College of Human Ecology, Families That Work.

University of Minnesota. 1997. Minnesota Working Family Tax Credit Program Annual Report, Fiscal Year 1997. St. Paul, MN: University of Minnesota College of Human Ecology, Families That Work.