SOUTH CAROLINA COMMISSION FOR COMMUNITY ADVANCEMENT AND ENGAGEMENT
ADVANCE SC

Defining the Boundaries of Community:
A Geographic Framework for Designating Low Income Communities of South Carolina

Quarterly Research Report

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ABSTRACT

This report presents a rigorous, transparent, and replicable methodology for identifying under-resourced communities across the South Carolina. The approach relies on census tracts as the foundational geographic unit for defining "communities" and applies federal criteria for Low Income Communities (LICs) and Rural Communities to create a consistent analytical framework. By aligning state-level analysis with federal standards, the methodology ensures both policy relevance and operational applicability, unifying the language and supporting evidence-based decision-making across state institutions.

The results identify 440 Low-Income Communities out of 1,323 census tracts statewide, encompassing approximately 1.47 million residents. An examination of child poverty distribution serves as a validation check, confirming that the framework captures areas of concentrated disadvantage with high precision. By integrating area income thresholds, poverty indicators, and spatial classification, the approach establishes a practical instrument for targeting interventions, aligning with federal investment programs, and supporting the operational mission of the South Carolina Commission for Community Advancement and Engagement (Advance SC).

More broadly, it equips the state with a durable dynamic system for tracking, at least once a year, community-level socio-economic conditions, evaluating the effectiveness of public and private investments, and guiding long-term revitalization strategies.

Introduction

The South Carolina Commission for Community Advancement and Engagement (Advance SC) serves as a state agency dedicated to strengthening rural and under-resourced communities. In May 2025, its statutory mandates were amended such that it now delivers research, partnerships, and targeted strategies aimed at addressing the needs of these communities.

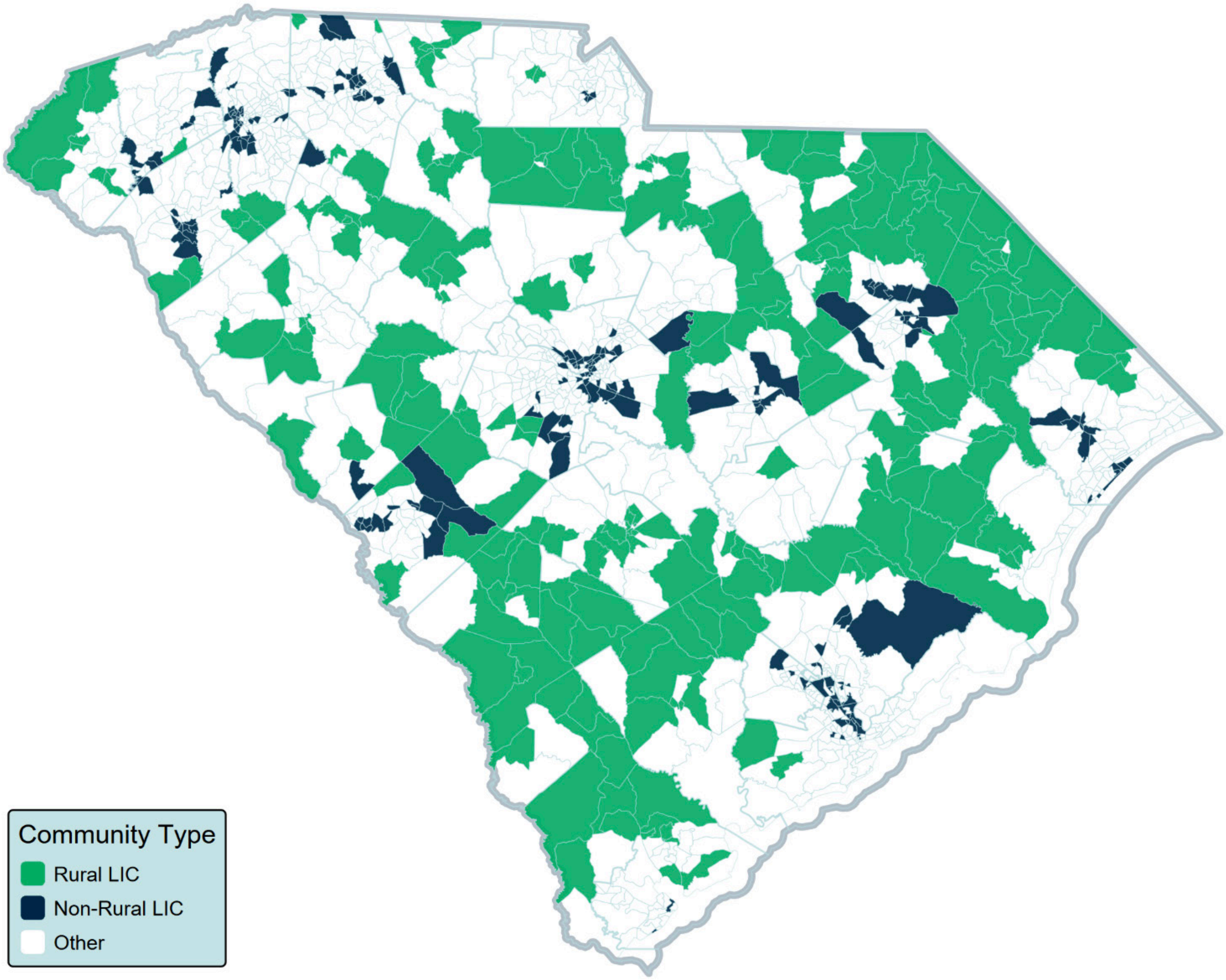
A central challenge in fulfilling this mandate lies in defining what constitutes a “community”. The term is widely used across policy, research, and public discourse, yet lacks definitional certainty. Depending on the context in which it is used, it may refer to counties, municipalities, neighborhoods, or socially defined populations. This ambiguity complicates consistent measurement and weakens policy targeting. At broader geographic scales, particularly at the county level, substantial variation within communities is obscured, masking pockets of concentrated poverty, underinvestment, and limited opportunity.

This report addresses that constraint directly. It establishes a clear and operational definition of community based on census tracts and applies federally aligned criteria to identify **Low-Income Communities (LICs).** It further introduces a functional distinction between **rural and non-rural** environments, incorporating not only formal urban boundaries but also the spatial realities of economic integration. Together, these components form a unified framework for identifying and classifying communities with a high degree of precision. Classification based on federal criteria is ideologically fully compatible with the federal tax incentive program[1], opening a window for local and state governments to promote LICs as opportunity zones.

The objective of this framework is designed as an instrument for execution. By translating statutory definitions and federal eligibility criteria into a tract-level analytical system, the report provides Advance SC with a tool for targeting interventions, aligning field operations with measured need, and strengthening coordination across programs and partners. This report offers a practical application of this tool using the workflow of a program aimed at addressing **childhood poverty** as an example. The alarming figures on child poverty in the state, and the map of the most vulnerable communities, are provided.

This introduction to the concept of "communities" lays the groundwork for further developing the agency’s research and outreach activities including the forthcoming **State Statistical Profile,** where it will be applied to a broad range of demographic, socioeconomic, and housing indicators.

[1] See: 26 USC Subtitle A, CHAPTER 1, Sub-chapter Z – Opportunity Zones

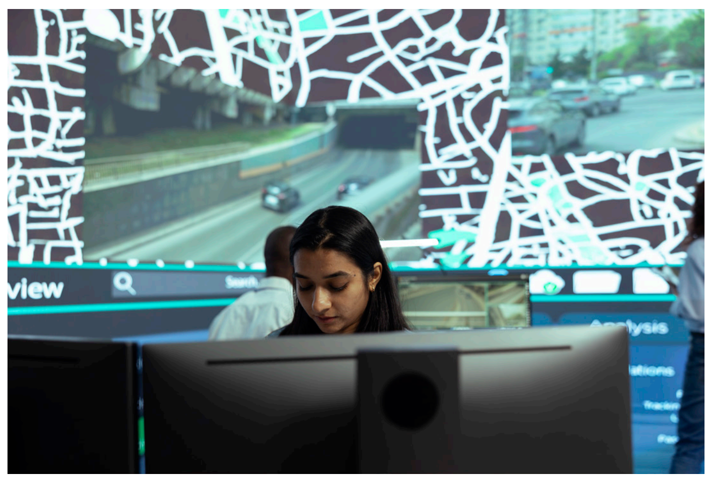


Mapped: Rural and Non-Rural Low-Income Communities in South Carolina
Classification based on 'census tract'-level Low Income Communities (LIC) designation and functional rural definition incorporating adjacency to urban areas (2020 Census baseline).

Defining Local Communities as Census Tracts: A Practical Starting Point

Public policy frequently relies on the concept of "community," yet the term is often used informally and is imprecisely employed to refer to municipalities, counties, neighborhoods, or cultural and ethnic constituencies bound together by similar traditions and values. The fact that these varying "community" concepts are often used interchangeably, and without distinction, makes establishing a singular and coherent research concept difficult. Nevertheless, we are at the mercy of a few structural constraints, particularly in the availability of quality data, that makes defining this concept even more complicated. The Commission's focus on rural and under-resourced populations requires a definition that is both **spatially precise** and **data-compatible.**

The agency's new charter delimits our focus on "rural" and/or "under-resourced" communities, which imposes the requirement of both spatial and socio-economic factors in assessing engagement priorities. There is really only one "geography" at which we are able to consistently and effectively capture data related to "ruralness" and "under-resourcedness," and that is the census tract. Therefore, in our work, we define communities as spatially-bounded areas based on census tracts - small, relatively stable subdivisions of counties created by the U.S. Census Bureau, a federal agency that gathers economic and demographic data nationwide. These tracts are updated (consolidated or subdivided) with each decennial census based on population parameters and other factors. Each tract typically consists of 1,200 to 8,000 people, with a target of around 4,000 residents (or about 1,500 homes). As for 2024, SC state tracts vary from 250 people to 18,500, with 1,323 tracts coating the territory.



Census tracts date back to 1890, when the Census Bureau needed reliable ways to track population, housing, and economic changes over time. They approximate neighborhoods, with boundaries often along familiar landmarks like roads, rivers, and political and or municipal districts. These boundaries stay mostly fixed for a decade, allowing consistent comparisons, dynamic analysis. If populations grow or shrink significantly, tracts can split or merge, but the focus remains on stability.[2]

By framing communities as census tracts, we highlight a practical tool for data-driven decision-making, aligning with our goal of fostering economic opportunity for every state community. This approach is smart and forward-thinking because it combines a requirement for quality data that speaks directly to the agency's mission but also ties into systems and thresholds used by state and federal agencies in identifying economically depressed areas and directing incentives in the hopes of improving conditions therein. It creates a uniform way to study and compare places.

[2] For hands-on support, the South Carolina Census State Data Center (https://rfa.sc.gov/data-research/population-demographics/census-state-data-center) at the Revenue and Fiscal Affairs Office (RFA) acts as the Census Bureau's key partner in our state. The center also explains how to join programs for updating tract boundaries, ensuring they reflect current realities.

Why Census Tracts Stand Out: Comparing to Other Options

Census tracts offer the most reliable unit for analyzing local socio-economic conditions on a state level. To underscore the efficacy of census tracts, let's compare them to alternatives, such as ZIP codes and school districts, which fall short in key respects.

ZIP codes are set by the U.S. Postal Service, and designed for mail delivery, not community analysis. Their boundaries shift based on logistical needs, and they encompass significantly larger populations: on average, each of the state's 424 ZIP codes covers approximately 12,000 residents, whereas the average population of its 1,323 census tracts is 4,000 people. The issue is not "spatiality" but resolution: ZIP codes dilute local variation. They mask neighborhood-level differences in income, poverty, housing, and access to services. For policy design, this loss of specificity matters. A ZIP code can contain both distressed and affluent areas, making it a poor proxy for targeted interventions.

School districts serve administrative and educational functions. Their boundaries reflect political decisions, mergers, and governance structures, not socio-economic patterns. South Carolina has 74 districts, many spanning multiple municipalities or counties. While schools are important community anchors, district boundaries do not align with the neighborhood-scale conditions we aim to measure. They are too coarse and too fluid to support consistent, longitudinal socio-economic analysis.

> **Remark:**
>
> The framework that defines communities as census tracts, is:
>
> - ✔ Data-driven and replicable
> - ✔ Compatible with federal programs
> - ✔ Suitable for identifying socio-economic disparities
> - ✔ Scalable for future research and policy application

Census tracts, by contrast, are built for demographic measurement. They maintain relatively stable boundaries over time, are designed to capture populations small enough to reflect real neighborhood conditions and are supported by the full statistical infrastructure of the U.S. Census Bureau. This includes the American Community Survey (ACS), which provides annual, standardized, methodologically vetted estimates across income, poverty, housing, education, employment, and more.

Using tracts allows us to track meaningful shifts—aging populations, changes in housing demand, labor force transitions, business growth or decline, and the expansion of urban areas. In a fast-growing state like South Carolina, tract-level data helps identify where services are strained or where investment is overdue. This includes healthcare access, food availability, broadband coverage, water quality, transportation, and waste management. These are not abstract indicators; they are operational signals for agencies responsible for planning, risk mitigation, and resource allocation.

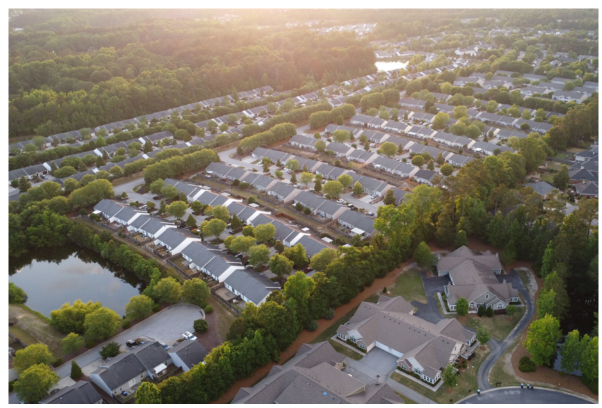
Tract-level analysis also aligns with federal investment frameworks, including programs modeled after Opportunity Zones, where eligibility depends on standardized, census-based definitions of Low-Income Communities. Using tracts ensures that state-level assessments match federal criteria, strengthening South Carolina's ability to compete for and deploy federal investment tools.

Once the use of the selected sites had been justified by the available quality and regularity of the data, a favorable opportunity arose to align the key parameters of the statistical study with the most up-to-date federal standards and to upgrade the terminology employed. We ground identification of Low-Income Communities (LICs) directly in the federal statutory definition established under the Opportunity Zones framework (described in the chapter below: "Statutory Definition of Low-Income Communities").

The Commission adopts this definition without modification, thereby ensuring full compliance with federal designation criteria and eligibility requirements for investment. This maneuver expands the scope of the methodology's application far beyond the Commission's immediate interests; indeed, we take deep satisfaction in planning for the widespread implementation of this methodology and in recommending it to a broad spectrum of individuals and institutions interested in state-level statistics.

Statutory Definition of Low-Income Communities

Under the United States Code Title 26, Internal Revenue Code (IRC), Section 1400Z-1(c)(1)[3], a census tract qualifies as a Low-Income Community if it meets one of the following conditions:



Either: (A) Median Family Income Test:

- In non-metropolitan areas: **Median family income** does not exceed 70 percent of the statewide **median family income,** or
- In metropolitan areas: **Median family income** does not exceed 70 percent of the **metropolitan area median family income**

OR: (B) Combined Poverty and Income Test:

The tract has a **poverty rate** of at least 20 percent, and

Median family income does not exceed:

- 125 percent of **statewide median family income** (non-metropolitan areas), or
- 125 percent of metropolitan area median family income (metropolitan areas)

The updated federal framework explicitly **excludes higher-income tracts,** ensuring that areas with median family income at or above 125 percent of the relevant benchmark are not classified as LICs.

This definition narrows eligibility compared to earlier Opportunity Zone frameworks and increases the precision of targeting economically distressed communities.

This definition introduces several critical structural requirements:

- Dependence on the newest areal Median Family Income Data and areal Poverty Rates

[3] Amended by the title VII §70421 of Public Law 119-21, 139 Stat. 72, 223, 224 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA)

Data for Census Tracts are provided annually by U.S. Census Bureau.

- Dependence on Metropolitan Classification

The determination of eligibility depends on whether a tract is located within a Metropolitan Statistical Area (MSA). This requires a consistent and authoritative delineation of metropolitan boundaries.

- Dependence on Areal Median Family Income (MFI)

The thresholds are defined relative to area-specific median family income, not absolute income levels. This introduces a spatially relative measure of economic distress.

- Dual Eligibility Logic

The combination of income thresholds and poverty thresholds ensures that LIC designation captures both:

- ✔ structurally low-income areas, and
- ✔ areas with concentrated poverty even where nominal incomes may be higher

Data Sources and Operationalization of LIC Criteria

The application of the federal Low Income Communities definition requires precise and consistent data inputs. The Commission uses the following data sources[4]:

Population and Poverty Data

Source: American Community Survey (2020-2024 ACS 5-Year), 2024

Rationale: Provides tracts geographical boundaries, which are established for the 2020 decennial census. Provides tract-level estimates of poverty rates and demographic structure.

In addition to those specified in the federal definition, the analytical team employed additional techniques to improve the quality and reliability of the results:

1) The analysis was conducted only for precincts with a non-zero population.
2) In cases where median family income data was missing for a tract, a single poverty test is applied, assuming by default that the income criterion met the condition. There are only 17 such census tracts, as are shown in results below.

Metropolitan Area Delineation

Source: Office of Management and Budget (OMB), Bulletin No. 23-01

Scope: Defines Metropolitan Statistical Areas, Micropolitan Areas, and related geographies

This source is authoritative and mandatory for determining whether a tract is classified as metropolitan or non-metropolitan under federal policy.

[4] Harmonized to the necessary extent with IRS Notice 2026-12

Areal Median Family Income (MFI)

Source: Federal Financial Institutions Examination Council (FFIEC), 2024 MFI Report

The FFIEC dataset provides county-level estimates of median family income, structured according to metropolitan and non-metropolitan classifications. Importantly, the FFIEC data incorporates the most recent metropolitan boundary revisions established in OMB Bulletin 23-01, ensuring internal consistency between geographic classification and income

The FFIEC dataset provides county-level estimates of median family income, structured according to metropolitan and non-metropolitan classifications. Importantly, the FFIEC data incorporates the most recent metropolitan boundary revisions established in OMB Bulletin 23-01, ensuring internal consistency between geographic classification and income benchmarks.

This makes FFIEC the most appropriate source for applying LIC income thresholds at the tract level.

Statewide Median Family Income

Source: U.S. Department of Housing and Urban Development (HUD), 2024

Because FFIEC does not provide statewide median family income estimates, HUD data is used exclusively for this purpose. This value serves as the reference threshold for **non-metropolitan tracts,** as required by federal statute.

Methodological Position:

The use of multiple federal data sources is required by the structure of the LIC definition:

- ACS provides tract boundaries, poverty and population measures
- OMB defines metropolitan classification
- FFIEC provides income benchmarks aligned with OMB geography
- HUD provides state-level income benchmark where FFIEC does not

The integrated approach ensures that the methodology is:

- ✔ Fully compliant with federal definitions
- ✔ Internally consistent
- ✔ Replicable and transparent

Qualified Low-Income Communities

Applying the Low-Income Community designation framework results in the identification of:

- **440 Low-Income Communities** out of 1,323 total tracts (30.2%),
- the aggregate population of these communities is estimated at **1.47 million residents** (**27.7%** of the state's total population), and
- the territory occupied by these communities covers **44% of the state's land area.**

These figures demonstrate both the scale and the geographic scope of economically distressed communities in South Carolina.

Table 1. Regional and State Low-Income Communities Characteristics

Region	Total Communities	Low Income	Percent	Population in LIC
Upstate	389	113	29.0%	363,909
Midlands	373	114	30.6%	405,321
Lowcountry	309	103	33.3%	336,574
Pee Dee	252	110	43.7%	365,721
State Totals	**1,323**	**440**	**33.3%**	**1,471,525**

Regional variation is significant. The Pee Dee region exhibits the highest concentration of LICs (43.7%), indicating a higher prevalence of structural economic challenges. Other regions show lower shares, reflecting differences in economic structure, urbanization, and access to regional markets.

This uneven distribution reinforces the need for regionally differentiated policy approaches.

Table 2. Observing Low-Income Communities Designation Criteria

Overview of Designation Criteria

LIC Metric	Count	LIC Metric	Count
Income < 70% AMI	89	Inside Metropolitan Area	315
Poverty + Income < 125%	145	Outside Metropolitan Area	125
Both Criteria Met	189		
Poverty Rate Criteria Only (Family Income data not provided)	17		

The distribution of LICs across income and poverty criteria demonstrates that most communities experience overlapping forms of economic distress. This reinforces the validity of the classification and highlights the need for multi-dimensional policy responses.

URBAN AREA DEFINITION AND POPULATION BASIS
Urban and Rural: The Challenge of Definition

Defining rural communities presents a persistent challenge in policy and research. While rural is often described as the absence of urban characteristics, this definition lacks operational clarity, which immediately begs the question: What is an "urban area"? The classic definition of an urban area is one which has a higher population, a higher population density, and has something to do with cities. Considering that these concepts are also somewhat diffuse, it makes sense that both the urban and the rural are difficult to define. This remains true with our research as well. However, we again look to federal-government based definitions to help provide some unity to our approach and tie it in with data and incentive structures.

- The U.S. Department of Agriculture, U.S. Office of Management and Budget, acknowledges that the problem of classifying rural areas has no perfect solution and proposes coding based on counties, or based on metropolitan areas. [5] While satisfactory for the national level, such chunks are too large for the purposes of statistical profiling of the State.
- The Census Bureau refines this approach using population and housing density rules at the level of "census blocks" - the smallest geographic units updated every 10 years. However, in the transition from "blocks" to "tracts," this classification is inevitably lost.
- The Department of Housing and Urban Development (HUD) defines urban areas as cities with a population of over 50,000; South Carolina currently has 13 such cities, each comprising dozens of tracts.

The Internal Revenue Code (US Code Title 26), Section 1400Z-2(b)(2)(C)(ii) defines the term "rural area" as any area other than-

1. a city or town that has a population of greater than 50,000 inhabitants and
2. any urbanized area contiguous and adjacent to a city or town that has a population of greater than 50,000 inhabitants.

The dependence of correct estimations of the number of residents defines the requirements to the data source.

Although the Census Bureau updates 'Urban Area Boundaries' annually, these updates do not include population estimates. Searching for other candidates in obtaining trustworthy data of inhabitants is required.

[5] https://www.ers.usda.gov/topics/rural-economy-population/rural-classifications/what-is-rural

Indeed, geographic units smaller in scale than census tracts—specifically, census blocks—within the decennial census (the most recent of which took place in 2020) contain detailed demographic information and possess a clear classification: "urban" or "rural." These geographic entities align perfectly with urban area boundaries. Given these considerations, census blocks represent the most suitable units for aggregating data within each urban area. For this reason, we adopt the following approach:

1. Urban area boundaries are based on 2020 Census definitions

2. Population counts are derived from 2020 decennial Census data at the block level

This definition is the same as the one used by the United States Department of Agriculture (USDA) in its application of programs across the Rural Development Mission Area, including the Rural Business Cooperative Service. This enables:

- Accurate calculation of total population within each urban area
- Reliable identification of urban areas exceeding the 50,000-population threshold
- Consistent classification of tracts relative to these areas
- Implementation of practices specified with the IRS and USDA notes

This approach prioritizes accuracy over recency, ensuring that population thresholds are applied using fully enumerated data rather than estimates. Furthermore, it is worth noting another significant feature of the federal classification, which effectively accounts for the impact of growing urban areas on their adjacent suburbs:

Refinement: Adjacent and Contiguous Exclusion

Following the identification of urban areas, the aforementioned classification of rural communities incorporates an additional refinement based on federal statutory language.

Under the Opportunity Zones framework, a rural area is defined as any area other than:

- a city or town with population greater than 50,000, or

- any urbanized area contiguous and adjacent to such a city or town

The inclusion of the “adjacent and contiguous” condition is necessary and important. Contiguous” and “adjacent” are geographic terms referring to two or more areas that share either a common boundary or at least one common point. [6]

[6] IRS Notice 2025-50 SEC4

Functional Urban Integration

Census tracts located adjacent to urban areas often function as integral parts of those urban systems. Residents in these tracts rely on:

- Urban labor markets
- Transportation infrastructure
- Utilities and public services
- Commercial and institutional networks

Despite differences in density or administrative classification, these areas exhibit urban socio-economic behavior.

Classifying such tracts as rural would introduce systematic error into the analysis.

Urban Expansion and Temporal Stability

South Carolina is experiencing sustained population growth and geographic expansion of urban areas. Boundaries defined in 2020 will increasingly diverge from actual urban conditions over time. If rural classification were based strictly on fixed boundaries, the analysis would rapidly become outdated. By excluding tracts adjacent to urban areas, the methodology introduces a forward-looking spatial buffer that accounts for:

- Near-term urban expansion
- Transitional development patterns
- Functional integration with urban systems

This significantly improves the durability and policy relevance of the classification, extending its validity through the current decade and reducing sensitivity to future boundary revisions expected in the 2030 Census.

Conclusion of Methodological Framework

The Commission's approach to identifying Low-Income Communities is fully aligned with federal statutory definitions and grounded in authoritative data sources.

It incorporates:

- A strict application of LIC eligibility criteria
- A consistent and defensible data framework
- A refined spatial classification that reflects real-world economic and geographic dynamics

This foundation ensures that subsequent analysis - particularly the distinction between rural and non-rural LICs -is both analytically sound and policy-relevant.

Qualified Urban and Rural Low-Income Communities

The classification of LICs into rural and non-rural categories provides substantial analytical value.

The most immediate observation is the stark difference in poverty levels between LICs and other communities. Poverty rates in LICs (25–26%) are more than double those observed in non-LIC areas (9.6%)[7], clearly demonstrating that the methodology effectively identifies areas of concentrated socio-economic distress.

Table 3. Comparing Community Types

Community Type	Communities Count	Area Sq. Mi	Population	Poverty Rate
Rural Low Income	228	11,984	730,100	25.2%
Non-Rural Low Income	212	1,661	741,400	26.6%
Other	883	17,465	3,824,700	9.6%
State Totals	**1,323**	**31,110**	**5,296,200**	**14.1%**

Despite nearly identical population sizes, rural and non-rural LICs differ dramatically in spatial structure. Rural LICs occupy 88% of the total LIC land area, resulting in significantly lower population density.

Development Implications

In non-rural LICs, higher population density enables more efficient investment. Infrastructure improvements, transportation connectivity, and institutional development can produce broad benefits across large populations. In such contexts, regional investments often generate spillover effects -captured in the notion that “a rising tide lifts all boats.”

Rural LICs present a fundamentally different challenge. Their low density, geographic dispersion, and distance from economic centers significantly increase the cost and complexity of development. Infrastructure must span larger areas, service delivery is more difficult, and economic activity is more fragmented. As a result, policy approaches for rural LICs must be:

- Highly targeted
- Locally adapted
- Resource-intensive on a per capita basis

[7] Calculated analytically using aggregated geospatial data

Children as a Vulnerable Population

We applied the tool under consideration to evaluate its performance on a new dataset. By way of example, let us examine how the application of the LIC concept performs using data on child poverty.

Table 4. The Drama of Childhood Poverty in Low-Income Communities.

Community Type	Children Under 18	Children in Poverty	Childhood Poverty Rate
Rural Low Income	160,650	59,590	37.1%
Non-Rural Low Income	160,660	62,930	39.2%
Other	797,750	94,850	11.9%
State Totals	**1,119,060**	**217,360**	**19.4%**

Among 1.12 million children in South Carolina, 217,360, which is 19.4%, are identified as living below the poverty line. This represents a significant increase of more than 5% over the poverty rate for the total population discussed earlier. Using community-based analytics allows us to take a closer look at the poverty indicator and to acutely understand the drama of childhood poverty.

Among the 797,750 young Carolinians residing in "other" communities, poverty affects 11.9%, a figure approximately 2.3% higher than the average rate for the population within such communities.

The most significant findings of this analysis concern the living conditions of children in low-income communities. Across these communities, approximately 321,200 children live in economically disadvantaged environments, nearly 29% of the total child population in South Carolina. Within this group:

1. **59,590 children** in rural LICs live below the poverty line
2. **62,930 children** in non-rural LICs live below the poverty line

Child poverty rates in LICs are severe and consistent:

- Rural LICs: 37.1%
- Non-Rural LICs: 39.2%
- Non LIC areas: 11.9%
- Statewide average: 19.4%

These figures demonstrate a clear pattern: children in LICs experience poverty at rates far exceeding both the state average and the overall poverty rates within their own communities. Children are the demographic group most exposed to the structural disadvantages that define Low Income Communities.

The data also reflects the broader influence of depressed neighborhood conditions. LICs typically exhibit a combination of limited employment opportunities, unstable housing markets, under-resourced public services, and reduced access to healthcare, transportation, and early childhood support systems. These conditions do not simply correlate with child poverty, they reinforce it. Children growing up in such environments face restricted mobility, fewer safe and supportive spaces, and limited exposure to the kinds of social and economic networks that enable upward movement. In practical terms, the neighborhood itself becomes a mechanism that reproduces poverty across generations.

The implications of concentrated child poverty are direct and longterm:

- **Educational outcomes:** Lower school readiness, reduced academic performance, and higher dropout risks.
- **Workforce readiness:** Limited skill development and weaker attachment to the labor market in adolescence and adulthood.
- **Health and wellbeing:** Higher exposure to chronic stress, food insecurity, environmental hazards, and untreated health conditions.
- **Intergenerational mobility:** A significantly reduced probability of escaping poverty as adults, especially when neighborhood conditions remain unchanged.

Addressing these challenges requires sustained, targeted intervention. The data makes clear that Low Income Community designation workflow, both for rural and non-rural, effectively strains communities with negative socio-economic structural conditions that amplify disadvantage for children. We see focused investment in LICs as a practical and necessary step toward improving child outcomes, stabilizing communities, and securing South Carolina's long-term economic strength.

"LICs typically exhibit a combination of limited employment opportunities, unstable housing markets, under-resourced public services, and reduced access to healthcare, transportation, and early childhood support systems."

STRATEGIC IMPORTANCE OF THE FRAMEWORK

Governance Opportunities and Capacity Challenges

The outlined framework to define under-resourced communities provides Advance SC with a powerful tool that enables it to:

- Targeting interventions with precision
- Aligning with federal investment programs
- Supporting rural development strategies
- Monitoring long-term outcomes

Rural communities face additional barriers that complicate program implementation. Geographic isolation increases the cost and complexity of monitoring, coordination, and evaluation. Local institutional capacity is often limited, reducing the ability of rural jurisdictions to compete for federal resources or manage multi-agency initiatives. In response, state leadership has emphasized the need for:

- Effective communication
- Cross sector coordination
- Capacity development

This emphasis is not procedural—it is strategic. It positions the South Carolina Commission for Community Advancement and Engagement (Advance SC) to serve as a bridge between investment frameworks and local community needs ensuring that eligible areas can participate fully in upcoming programs.
In the following section, we will certainly demonstrate the application of this tool to a model problem—specifically, the Commission's operational planning, within a particularly intriguing domain: child poverty. This exercise will allow us to witness firsthand the elegance and effectiveness of this framework. For now, however, we must conclude the following chapter by throwing a bridge toward higher levels of mastery—specifically, those operating at the federal scale. This knowledge will play bold specific role in modeling practical workflows, particularly regarding the engagement of local government and community resources.

Tying into Federal Incentives

The use of tract level socioeconomic criteria is a core feature of federal policy. Programs such as the Low Income Housing Tax Credit and Qualified Opportunity Zones rely on census tract definitions to determine eligibility and measure economic distress. The LIC framework applied in this report follows the same logic, using income and poverty based thresholds that match federal standards. This alignment ensures that South Carolina's internal designations remain compatible with federal processes, including the forthcoming Qualified Opportunity Zone (QOZ) 2.0 program, effective on January 1, 2027.

> "A focus on children in poverty aligns with the Commission's mission to strengthen underserved communities and improve long-term economic outcomes."

The alignment with the renewed Qualified Opportunity Zones framework is particularly important. By identifying eligible communities in advance, this research provides the analytical foundation needed to understand designation criteria, evaluate readiness, and develop metrics that support investment decisions. It also enables communities to prepare for participation in future economic development initiatives rather than reacting after federal guidance is released.

While the federal government has not yet released the full methodological details or data inputs that will guide the final designation of Low Income Communities under the renewed framework, the Commission will continue to apply the workflow described in this report. It has demonstrated strong performance in identifying disadvantaged communities and providing a consistent basis for the State Statistical Profile and related analytical work.

Once federal LIC designations and state level QOZ nominations become available, the Commission will review the outcomes and make any adjustments necessary to maintain alignment with federal criteria and state priorities. This approach ensures continuity in analysis while preserving the flexibility required to integrate forthcoming federal guidance.

THE PRACTICAL ASPECT: IDENTIFYING PRIORITY LOW INCOME COMMUNITIES FOR TARGETED ACTION

Focus on Child Poverty

The tract-level method for identifying Low-Income Communities (LICs) in South Carolina is not merely a fascinating theoretical exercise; it is a practical tool for the operational work of the South Carolina Commission for Community Advancement and Engagement (Advance SC). In this section, we will step away from general theoretical discussions, return to practical realities, and demonstrate how the methodology under consideration can be of practical utility in establishing streamlined and consistent operational activities for the Commission, as well as in fostering effective cooperation among state and county actors and agents and the communities they serve.

Let us return to the findings outlined above regarding child poverty within the state. It is our view that, by defining LICs as areas calling for active measures to combat child poverty, we have ample grounds to delve deeper into this emotionally charged issue. Consider the problem of identifying communities that are most in need of attention to the problem of child poverty. A focus on children in poverty aligns with the Commission's mission to strengthen under-served communities and improve long-term economic outcomes. Whereas the Commission's mandate requires precise geographic targeting, the approach described here provides

a consistent, data-driven basis for identifying those communities where intervention will yield the greatest impact.

Methodology

The analysis begins by isolating all census tracts in South Carolina that meet the federal definition of a Low Income Community. This step is essential. Earlier exploratory work showed that using all tracts produced misleading results, because high poverty LICs were diluted by the inclusion of non-LIC areas. Restricting the universe to LICs ensures that the analysis focuses on communities already recognized as economically distressed.

Selecting Indicators

Two indicators are used to measure the severity of child poverty:

Children in poverty (count) — the number of children living below the federal poverty line.

Childhood poverty rate — the share of children in poverty relative to the total child population in the community geographic borders.

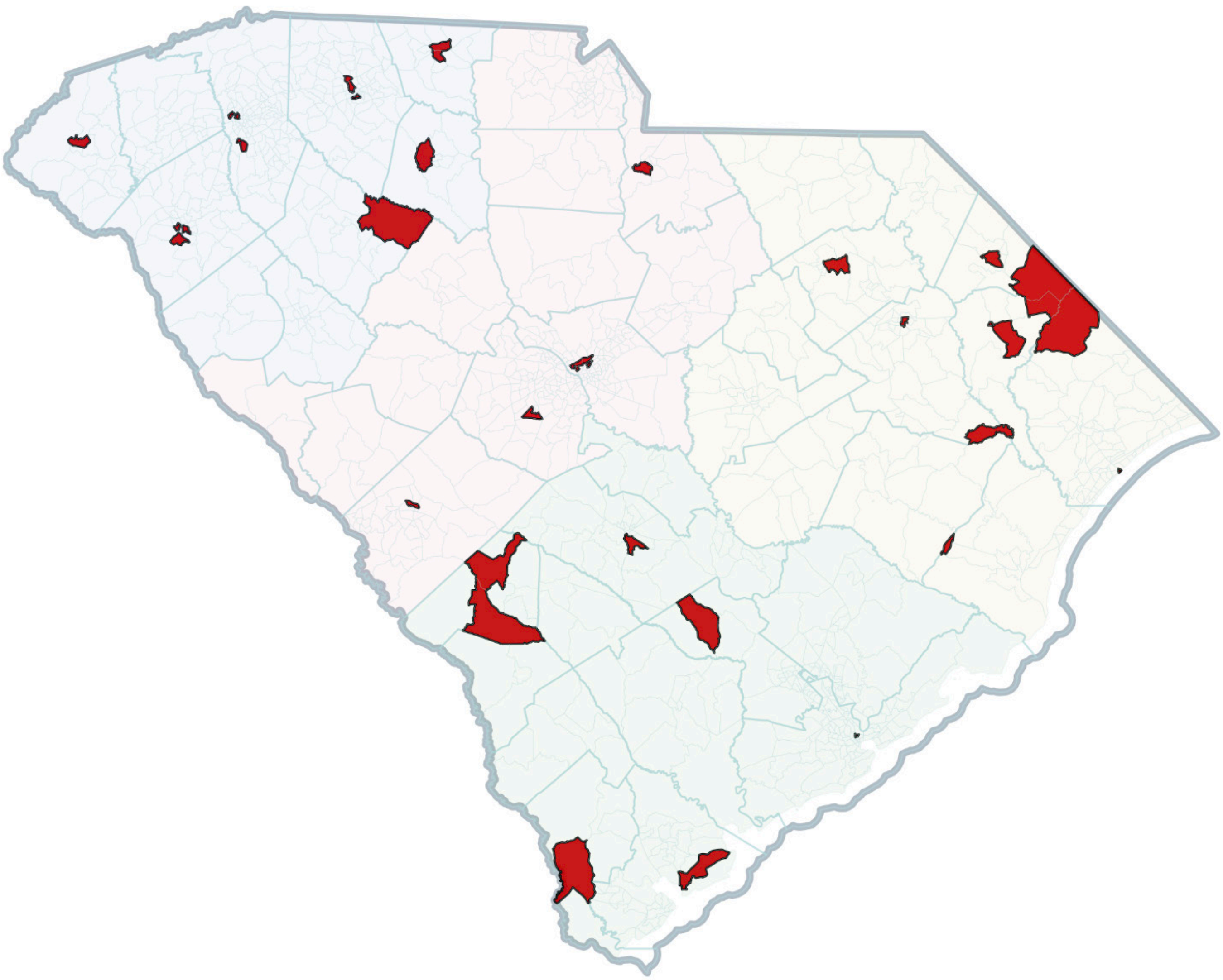
These indicators capture both scale and intensity. A community with a high rate but few children represents a different type of challenge than a tract with a large number of children in poverty. Distinguishing between these situations is crucial for the expected effectiveness of working with the community and prioritizing agency resources.

Identifying Communities where Childhood Poverty is Critical

For the purposes of this study, critical state is defined as the intersection of the top 20 percent (top quintiles) of LICs by children in poverty count and childhood poverty rate. This approach isolates communities where both the burden and the concentration of childhood poverty are extreme. The method is transparent, reproducible, and easy to communicate with partners and policymakers. If the selection criteria turns out to be insufficiently specific and produce too broad a result, it will be necessary to return to the criteria to strict criteria or add a structural disadvantage gate.

The result is a map of **39 "critical"-labeled LICs,** with estimated **24,770 children in poverty.** It is worth noting that, by identifying 3% of the state's communities, the experiment covered the geographic areas inhabited by not less than 20% of the children living below the poverty line.

Mapped: Low Income Communities Where Childhood Poverty is Critical



Regional Distribution

Communities with critical childhood poverty are not evenly distributed across the state. The table below summarizes the number of such communities and the number of children in poverty by region and by rural/non-rural classification.

Table 5. Communities Where Childhood Poverty is Critical Aggregated Statistics

Region	Community Type	Number of Communities	Children in Poverty
Upstate	Rural LIC	5	3,346
	Non-Rural LIC	9	6,463
Midlands	Rural LIC	1	715
	Non-Rural LIC	7	4,469
Lowcountry	Rural LIC	6	3,164
	Non-Rural LIC	1	412
Pee Dee	Rural LIC	8	4,790
	Non-Rural LIC	2	1,411
State Total	**All LICs**	**39**	**24,770**

The distribution and estimated count of children in poverty is as follows:

- **Upstate:** 14 critical LICs (5 rural, 9 non-rural), 9,809 children,
- **Midlands:** 8 critical LICs (1 rural, 7 non-rural), 5,184 children,
- **Lowcountry:** 7 critical LICs (6 rural, 1 non-rural), 3,576 children,
- **Pee Dee:** 10 critical LICs (8 rural, 2 non-rural), 6,201 children,
- **State Total:** 39 critical LICs, 24,770 children.

This distribution shows that child poverty isn't confined to one part of the state. Each region contains communities with severe need, and both rural and non-rural LICs appear in the critical category. This is a highly unexpected result of the analysis, and we'll use it in a few paragraphs below.

It's noticeable that in the northern, more urbanized part of the state, poverty problems affect children in urban communities, while in the southern regions, it's predominantly rural communities that suffer. The geographic distribution of problematic tracts is very broad. Our major cities are no refuge from child poverty: the search revealed critical LICs in Charleston, Myrtle Beach, Spartanburg and Greenville, Florence, and both parts of Columbia.

Operational Implications for the Commission

A Tool for Targeted Engagement

The Commission's operational model is organized around four regions: Upstate, Midlands, Lowcountry, and Pee Dee. For each region the Commission has an outreach coordinator, responsible for direct engagement with communities. The tract-based identification of critical LICs strengthens this model by providing a precise geographic focus.

With a set of statistics and arguments regarding LICs, Outreach Coordinators can now:

- prioritize engagement in the most distressed tracts,
- plan field visits based on data rather than intuition,
- align community feedback and socioeconomic dynamics with quantitative indicators,
- identify local partners in the highest-need areas,
- advocate vulnerable groups.

This transforms engagement from a general activity into a targeted intervention strategy, which seems to be especially important for faith-based communities and local informal support networks, which often don't coincide with formal boundaries but are geographically rooted in specific areas.

After identifying targeted communities, the **Community Engagement Division** will be equipped with a list of priority candidates, with clear geographic boundaries, for launching projects to attract and manage resources to improve children's quality of life, combat child poverty, and overcome its consequences.

Rural vs. Non-Rural LICs

The distinction between rural and non-rural LICs is operationally significant.
Non-Rural LICs are the areas with higher population density, proximity to economic centers, and access to infrastructure. Interventions in non-rural LICs can leverage:

- partnerships with local governments,
- existing business ecosystems,
- regional workforce and education initiatives.

A single project in a non-rural LIC can reach a large number of households.

Rural LICs face different constraints:

- low population density,
- limited infrastructure,
- weak institutional capacity,
- long travel distances.

Interventions in rural LICs require:

- individualized solutions,
- stronger involvement of outreach coordinators,
- direct engagement with local leaders,
- capacity building rather than program delivery.

For the Commission’s **Small Business Division,** proactive design of the developmental architecture for the local economic landscape, and the precursive identification of the resources required to support it is significantly simplified.

Integration with QOZ 2.0 and Local Government Planning

Consider the fact that LICs align with the federal criteria for Qualified Opportunity Zones (QOZ 2.0), the identification of LICs with critical childhood poverty has direct implications for economic development policy.

Local governments can use this analysis to:

- prioritize areas where investment projects will have the greatest impact,
- prepare applications to the state for QOZ designation,
- justify targeted infrastructure or workforce investments,
- coordinate with regional economic development organizations.

Local authorities and community representatives can focus on specific and feasible projects that attract investment and develop local entrepreneurship. Using census tracts as the core geographic unit ensures compatibility with national and state economic intensifying programs, including Qualified Opportunity Zones (QOZ 2.0), Jobs Tax Credits, and so forth[8]. Increased efficiency through synergy and the combined efforts of interested actors will quickly follow.

The **Research and Planning Division** supports the Commission's designated mandate as the state's central source of community level socioeconomic analysis by providing data, analysis, and guidance.

[8] https://www.sccommerce.com/why-sc/incentives/corporate-income-tax-incentives

Conclusion

This report establishes a tract-level, federally aligned framework for identifying Low-Income Communities and distinguishing between rural and non-rural conditions across South Carolina. The results demonstrate that economic disadvantages are both widespread and unevenly distributed, affecting approximately **1.47 million residents across 440 communities.**

The analysis confirms two structural realities. First, Low-Income Communities exhibit significantly elevated poverty rates, validating the robustness of the federal criteria. Second, rural and non-rural LICs differ fundamentally in spatial structure, requiring distinct policy approaches rather than uniform intervention.

Approximately **321,000 children,** or **nearly 29 percent of all children statewide,** reside in LICs. Child poverty rates in these communities—**ranging from 37 to 39 percent—**are more than triple those observed in non-LIC areas. These rates reflect not only household level hardship but also the broader influence of neighborhood conditions: limited employment opportunities, unstable housing markets, underresourced public services, and constrained access to healthcare, transportation, and early childhood supports. Addressing these disparities is central to the state's long-term socio-economic trajectory.

Based on a practical case study regarding child poverty, the model illustrates the operational process for identifying target communities that warrant the most urgent attention—as determined by the model's established efficiency criteria—followed by the allocation of tasks within the constraints of available resources and the commission's organizational structure. It proved possible to distribute a list of **39 'critical' communities -** encompassing an estimated **24,770 at-risk children -** across four regional operational tracks. By recognizing the communities with the highest concentration of children in poverty, the Commission can direct outreach coordinators, resources, and partnerships to the areas where they will have the greatest impact. This approach strengthens the Commission's ability to fulfill its mission: advancing the economic wellbeing of South Carolina's underserved communities through targeted, measurable, and strategic action, transforming the Commission's operations from a reactive approach to a proactive targeted management. This framework is foreseen in providing a durable foundation for sustained, data-driven engagement with the communities most in need.

REFERENCES AND DATA SOURCES

- American Community Survey (2020-2024 ACS 5-Year)
- U.S. Department of Housing and Urban Development (HUD), 2024 Median Family Income
- Federal Financial Institutions Examination Council (FFIEC), 2024
- Office of Management and Budget, OMB Bulletin 23-01 (July 21, 2023)
- U.S. Census Bureau TIGER/Line
- The Internal Revenue Code (Code), §§ 1400Z-1 and 1400Z-2
- § 70421 of Public Law 119-21, 139 Stat. 72, 223 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA)
- IRS Notices: 2026-12, 2025-50, 2025-43
- https://www.sccommerce.com/why-sc/incentives/corporate-income-tax-incentives

Appendix A: South Carolina MSAs (10)

1. Augusta-Richmond County (GA-SC)
2. Greenville-Anderson-Mauldin
3. Hilton Head Island-Bluffton-Beaufort
4. Charleston-North Charleston
5. Columbia
6. Charlotte-Concord-Gastonia (NC-SC)
7. Florence
8. Myrtle Beach-Conway-North Myrtle Beach (SC-NC)
9. Spartanburg
10. Sumter

Appendix B: Major Urban Areas > 50,000 Pop (13 As of Census 2020)

1. Charleston--North Charleston (627,363)
2. Columbia (584,591)
3. Greenville (430,715)
4. Myrtle Beach--Socastee (248,764)
5. Spartanburg (193,500)
6. Mauldin--Simpsonville (141,904)
7. Rock Hill (103,727)
8. Augusta-Richmond County (99,601)
9. Charlotte (95,139)
10. Florence (83,745)
11. Anderson (77,181)
12. Hilton Head Island (72,692)
13. Sumter (65,403)

Appendix C: Critical by Childhood Poverty LICs

Region	County	Community Type	Community GEO ID	Children in Poverty
Upstate	Anderson	Non-Rural LIC	45007000600	470
Upstate	Anderson	Non-Rural LIC	45007000701	415
Upstate	Anderson	Non-Rural LIC	45007011901	664
Upstate	Cherokee	Rural LIC	45021970302	607
Upstate	Cherokee	Rural LIC	45021970502	902
Upstate	Greenville	Non-Rural LIC	45045002003	1,398
Upstate	Greenville	Non-Rural LIC	45045002203	734
Upstate	Greenville	Non-Rural LIC	45045003704	864
Upstate	Laurens	Rural LIC	45059920600	811
Upstate	Oconee	Rural LIC	45073030404	538
Upstate	Spartanburg	Non-Rural LIC	45083020701	782
Upstate	Spartanburg	Non-Rural LIC	45083021700	678
Upstate	Spartanburg	Non-Rural LIC	45083021805	458
Upstate	Union	Rural LIC	45087030402	488
Midlands	Aiken	Non-Rural LIC	45003021402	516
Midlands	Lancaster	Rural LIC	45057010500	715
Midlands	Lexington	Non-Rural LIC	45063020909	508
Midlands	Richland	Non-Rural LIC	45079000300	451
Midlands	Richland	Non-Rural LIC	45079010412	785
Midlands	Richland	Non-Rural LIC	45079010502	546
Midlands	Richland	Non-Rural LIC	45079010600	688
Midlands	Richland	Non-Rural LIC	45079010900	975
Lowcountry	Barnwell	Rural LIC	45011970102	462
Lowcountry	Barnwell	Rural LIC	45011970500	471
Lowcountry	Beaufort	Rural LIC	45013001104	583
Lowcountry	Charleston	Non-Rural LIC	45019005300	412
Lowcountry	Dorchester	Rural LIC	45035010200	567
Lowcountry	Jasper	Rural LIC	45053950301	565
Lowcountry	Orangeburg	Rural LIC	45075010602	516
Pee Dee	Darlington	Rural LIC	45031010600	530
Pee Dee	Dillon	Rural LIC	45033970401	465
Pee Dee	Dillon	Rural LIC	45033970500	453
Pee Dee	Florence	Non-Rural LIC	45041000700	781
Pee Dee	Florence	Rural LIC	45041001902	1,155
Pee Dee	Georgetown	Rural LIC	45043920204	478
Pee Dee	Horry	Rural LIC	45051010100	512
Pee Dee	Horry	Non-Rural LIC	45051050700	630
Pee Dee	Marion	Rural LIC	45067950400	522
Pee Dee	Marion	Rural LIC	45067950600	675

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