



The National
Tax Assistance
For Working
Families Campaign

BUILD YOUR FUTURE WITH THE
EITC AND OTHER TAX CREDITS

Earn it Keep it Save it

A GUIDE TO A SUCCESSFUL TAX CREDIT CAMPAIGN IN YOUR COMMUNITY

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The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of United Parcel Service, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities, and neighborhoods fashion more innovative, cost-effective responses to these needs. For more information, visit www.aecf.org.

The author and the Annie E. Casey Foundation would like to thank John Wancheck, of the Center for Budget and Policy Priorities; Barbara Pearson, author of an earlier EITC Guide; and Peter Slavin for the valuable contributions they have made to this publication.

Additional copies of this report may be ordered from the Annie E. Casey Foundation by calling 410-223-2890 or by visiting the Foundation website, www.aecf.org.

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Production Managers: The Hatcher Group

Design & Layout: Mediastudio, Inc.

Printing: Pavsner Press, Inc.



The Annie E. Casey Foundation

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I INTRODUCTION/WHY A GUIDE?

Earned Income Tax Credit (EITC) campaigns bring communities, organizations, the Internal Revenue Service (IRS), cities, states and private industry together to make sure that qualified families file for and receive the tax credits they are due under the law. The primary focus of these campaigns has been on the EITC. The IRS and the Center for Budget and Policy Priorities (CBPP) have run national EITC campaigns for years. Community-led or local EITC campaigns also are not new endeavors, and many cities, organizations and communities have operated EITC campaigns during previous tax seasons. Historically the emphasis of existing EITC campaigns has been on education and outreach around this tax credit. More recently, some campaigns have expanded their outreach to include free tax preparation services by building upon the Internal Revenue Service's Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE) programs, or by developing alternative tax preparation services that target low-income, working families. Most recently, EITC campaigns have linked asset-building products and services to outreach and tax preparation activities.

TAX CREDITS FOR WORKING FAMILIES

The EITC is a federal, refundable tax credit for working families. In 2001 EITC refunds for families with at least one child, making less than \$32,121, were as high as \$4,008. The Child Tax Credit (CTC) is a partially refundable credit intended to reduce the tax liability of working families. Currently it is worth up to \$600 per child.

VOLUNTEER INCOME TAX ASSISTANCE

VITA is a 30-year-old, national program run by the IRS to provide free tax assistance to low-income taxpayers.

RATIONALE FOR ASSET BUILDING

Building financial assets with income can help families escape poverty. However, half of all Americans have less than \$1,000 in net financial assets, and 60 percent of African Americans have zero or negative net financial assets. Between 13 percent and 20 percent of all Americans do not have a financial transaction account of any kind. As a result, many low-income families pay more for financial transactions.

THE CASEY FOUNDATION

Casey Foundation-supported EITC campaigns attempt to achieve the following goals:

- 1) Increase the number of families who know about and file for tax credits under the federal and state tax code
- 2) Increase the amount of tax credits and overall refunds that actually reach low-income working families and neighborhoods by reducing the transaction costs related to filing taxes and converting refunds into cash
- 3) Assist low-income families to use their tax credits, connections to the tax code, and refunds to build assets.

The Annie E. Casey Foundation (AECF) recently began supporting EITC campaigns in its *Making Connections* initiative' sites, and in key cities nationally. The Foundation is beginning to adapt and extend this approach to small towns and rural communities in partnership with local organizations. The Foundation's reasoning behind supporting existing and new EITC campaigns is that by assisting low-income working families to maximize their incomes and improve their ability to save, and ultimately build wealth, these families will become economically stable, and their children will have better chances for success.

The Casey Foundation-supported EITC campaigns embody the idea that there is no one way to plan, design and ultimately run an EITC campaign. Existing and new EITC campaigns will have to be designed and modified, based on a number of factors, including the local environment, resources, capacity and most importantly, their targeted population. However, local EITC campaigns can strive for excellence in terms of campaign operations, and can learn from each other's experiences to improve scale and performance.

The Casey Foundation is committed to supporting high-quality, cost-effective EITC campaigns that serve as many low-income taxpayers as possible in key neighborhoods and geographic areas affected by poverty. In line with the Foundation's commitment to data collection and results, the Foundation also is supporting EITC campaigns to collect accurate information about campaign performance and the impact EITC campaigns have on low-income taxpayers and the communities where they live.

This guide is an attempt to help local EITC campaigns start, expand or improve their operations, and should be used as a reference in planning and implementing a local EITC campaign. The guide is an updated version of an existing EITC toolkit presented to participants of an economic institute supported by the Annie E. Casey Foundation in March 2002. It contains a collection of examples and lessons learned from the Foundation's work around the tax code, and from groups implementing local EITC campaigns.

A. HOW THE GUIDE IS ORGANIZED

This guide is meant to accompany national EITC Campaign materials and tools developed by the Annie E. Casey Foundation to support EITC campaigns across the United States. These materials can be found at www.eitc.info. The guide is organized into four major sections: 1) Why Run an EITC Campaign 2) Opportunities for EITC Campaigns 3) How to Implement a Successful EITC Campaign 4) Resources and Definitions. The longest section—How to Implement a Successful EITC Campaign—is broken into five sub-sections: 1) Planning 2) Marketing and Outreach 3) Affordable Tax Preparation Services 4) Asset Building 5) Post-Campaign Activities. Each sub-section begins with a brief overview, easily referenced bullet-points of lessons learned, and examples.

II WHY RUN AN EITC CAMPAIGN?

The EITC is often referred to as one of the most successful federal anti-poverty programs ever developed. The impact of the EITC on a working family's income can be considerable. For example, in 2002, a single parent raising two or more children earning between \$10,300 and \$13,500 was

eligible for the maximum EITC of \$4,140—a full 30 to 40 percent increase in the family’s income. For families earning \$24,000 a year, the EITC can be worth \$1,900 (about 8 percent of their annual income), about the average EITC for workers raising children.

More and more, taxpayers, local and national organizations, community groups, government agencies, employers and entities from the private sector see the EITC as an opportunity. Employers see the EITC as a potential tool to increase retention rates among their employee base. For the commercial tax preparation industry, expansion of the EITC is an opportunity to increase tax preparation services and exploit new markets. For elected officials at the city, county and state level, the EITC represents an opportunity to direct resources to low-income families and communities without having to lobby the federal government for additional resources. For advocates and agencies serving working families and their children, the EITC is a tool that can be further leveraged to assist low-income families build wealth.

Tax credits for the working poor are already included in the federal tax code—they don’t need to be created. Also, many states have expanded the state tax code to include a state EITC. An infrastructure has been built around the EITC, including national and local outreach campaigns, national marketing and outreach materials, IRS-sponsored VITA and TCE tax preparation sites, community-led tax preparation initiatives, and thousands of commercial tax preparers operating nationally in cities, neighborhoods, small towns and rural communities where high concentrations of EITC filers live.

However, the infrastructure to support the EITC is failing its intended audience—low-income working families. For starters, the EITC is not being claimed by all qualified taxpayers.² Second, the fees and costs related to filing for taxes, converting tax refunds and accessing tax credits are diminishing the impact these credits are having on working families and the neighborhoods in which they live.³ Third, “unbanked” families who qualify and file for the EITC are typically not able to use this windfall to save, invest or improve their financial future,⁴ and those with bank accounts may need additional opportunities and incentives to be able to save or invest tax refunds. Taxpayers, communities, cities and states can collectively work to improve the extent to which working families, and the communities in which they live, leverage the tax code and the EITC to their benefit.

III OPPORTUNITIES FOR EITC CAMPAIGNS

LOSS OF RESOURCES

Perhaps the most obvious opportunity that new or existing EITC campaigns can build upon is the staggering loss of federal, and in some cases, state revenue to cities or regions with large numbers of qualified families who are not claiming tax credits. Loss of potential revenue is a compelling reason for elected and government officials to become involved in existing or emerging EITC campaigns. EITC campaigns can help thousands of working families become aware that they qualify for tax credits such as the EITC. Surveys conducted in neighborhoods involved in the Foundation’s *Making Connections* initiative found that 40 percent of one neighborhood’s residents did not know about the EITC.

Demand exists for population-specific outreach strategies that reach deep into geographic areas where EITC filers are concentrated.

CONCENTRATION OF EITC FILERS

The concentration of EITC filers and low-income families can be seen as another opportunity EITC campaigns can build on. EITC campaigns interested in understanding EITC concentrations can refer to a series of maps developed by the Brookings Institution. These maps demonstrate where EITC filers are concentrated in 28 cities and nationally, and they provide estimates on the scale of the EITC filer market (go to www.brook.edu/urban/eitc/eitcnationalexsum.htm). In relatively small urban areas, EITC campaigns can easily saturate the geography with EITC campaign messages, filing services and opportunities for taxpayers to build assets. Similarly, in small, rural communities with many low-wage workers, saturation is a reasonable goal, though it may require different strategies.

DEMAND FOR AFFORDABLE TAX PREPARATION SERVICES

The demand for free or affordable tax preparation historically has exceeded supply. In spite of best efforts of the IRS' national VITA and TCE programs, only an estimated 113,000 filers were served through free tax preparation services in 1998.⁵ However, according to the Center for Budget and Policy Priorities, there are 19 million people who qualify for the federal EITC each year. Demand for free or affordable tax preparation services is another opportunity that EITC campaigns can build on in almost every major city in the country and a growing number of small towns and rural communities.

INTERNAL REVENUE SERVICE

Fortunately for local EITC campaigns, the IRS' Wage and Investment Division, and specifically, the Stakeholder, Partnership, Education and Communication (SPEC) channel responsible for overseeing outreach around the EITC and the delivery of free tax preparation, has undergone a dramatic makeover in recent years. The SPEC mission shares the goals of Casey Foundation-supported EITC campaigns, and as such, the IRS is actively seeking partnerships with cities, communities, nonprofits, foundations, employers, faith-based organizations and other groups to increase the number of taxpayers who know about the EITC, file for the EITC and ultimately use the EITC for constructive, asset-building activities. As local groups begin the process of considering an EITC campaign, they may contact the IRS for a variety of supports, such as knowledge of existing EITC outreach and VITA operations in the community, access to local EITC filing data, knowledge and experience in EITC campaign coalition building, and connection to national partners and local affiliates that share the same goals with respect to EITC campaigns. Once an EITC campaign is established, the IRS can also provide tax law expertise, educational products and marketing materials, tax preparation software for free tax preparation sites, and tax law and e-file training materials. To contact your local SPEC Territory Manager, contact IRS Analyst Janie Neal at 404-338-8078 or janie.neal@irs.gov.

EMPLOYEE RETENTION AND INCOME ENHANCEMENT

In recent years, employers have been required to use new strategies to recruit and retain employees. The EITC can be leveraged by employers to minimize costs by providing advanced EITC as an employee benefit, or by assisting employees to open accounts at financial institutions to facilitate payroll direct deposit. Through promoting the advanced EITC, an employer can help an employee receive up to a \$1 to

\$2 per hour raise, at little or no cost to the employer. Unions across the country representing low-wage workers also see the EITC as an important opportunity to boost incomes.

NATIONAL ORGANIZATION INVOLVEMENT

National organizations such as the United Way, Family Support America, Boys & Girls Clubs of America, Goodwill Industries, the U.S. Conference of Mayors, National League of Cities, the National Governors Association, the National Conference of State Legislatures, and other groups, are increasingly seeing the EITC as a lever they can use to assist low-income families stabilize their incomes and ultimately build wealth. These national organizations are looking for ways to be supportive of emerging EITC campaigns in cities, towns and states across the United States.

EXISTING EITC CAMPAIGNS AND NETWORKS

EITC campaigns across the country have existed for years but are rapidly multiplying in number, scope and scale. Most often, neighborhoods, cities or regions will not have to start from scratch, as there are existing efforts upon which to build. Coalitions and networks among the various EITC campaigns are emerging and growing. Many new coalitions and networks are hosting conferences to spur EITC campaign development. One network of tax preparation programs is run by the Center for Economic Progress (formerly the Center for Law and Human Services) in Chicago, which offers a list serve for members, access to training events and other services.

FEDERAL FUNDING

In addition to in-kind and financial support from local and national foundations, nonprofits and community groups, corporations, employers and private individuals, EITC campaigns are taking advantage of multiple federal funding opportunities to cover costs of operating their campaigns. One campaign used remaining TANF funds to support a city EITC. Others are able to access Community Development Block Grants (CDBG) to support operations. Dozens of nonprofit agencies, working in conjunction with financial institutions, received funding from the U.S. Treasury "First Accounts" program in 2002 to serve the "unbanked" and connect low-income families with accounts in financial institutions. Finally, the IRS provides grants to assist low-income filers in dealing with disputes about IRS decisions on their returns, and to assist filers in communities where English is a second language to prepare taxes. In 2002, 120 organizations received grants up to a maximum of \$100,000, with a funding match requirement. The existence of federal funding opportunities around the EITC is another opportunity upon which local campaigns can build.

TECHNOLOGY AND E-FILING

Before the proliferation of computers and tax preparation software, preparing a tax return could be a nightmare. Computers and tax preparation software, and most recently e-filing capability, make tax filing easier and faster, but this technology has not yet fully spread to low-income populations and communities. Low-income taxpayers want high-quality and fast tax services, just like higher income Americans. Technology can help meet their needs. Local EITC campaigns can embrace technology as a significant opportunity, knowing that these efforts will save taxpayers an average of \$200 each in tax preparation fees and interest on loans.

ABUSES BY THE COMMERCIAL TAX PREPARATION INDUSTRY

More than 60 percent of taxpayers who claim the EITC use a commercial tax preparation agency. Two commercial tax preparation companies dominate the low-income taxpayer market - H&R Block and Jackson Hewitt. These companies claim that they are developing products and services demanded by new markets. But the utilization of aggressive marketing techniques to peddle "rapid refunds," carrying triple-digit interest rates, to relatively unsophisticated taxpayers living in low-income neighborhoods and rural areas, undermines their credibility. A study conducted by the Brookings Institution demonstrates how rapid refund loans have flooded cities and states nationally, with 46 percent of EITC eligible taxpayers in the South, and 43 percent in the Midwest, accessing their tax refunds and credits through rapid refund loans in 1999. The proliferation of this predatory rapid refund product (which has significantly contributed to the bottom line of these companies and their affiliated lenders) has led to a string of class action suits and litigation against the commercial tax preparation industry. Each year, low-income taxpayers across the country and their advocates report abuses by unscrupulous private tax preparers and commercial tax preparation chains. The existence of predatory products, and abuses by unscrupulous commercial tax preparers, is another opportunity upon which local EITC campaigns can build.⁶

CONNECTION WITH OTHER TAX BENEFITS

Workers eligible for the EITC may qualify for other tax credits, such as the Child Tax Credit and the Child and Dependent Care Credit. These credits are available in addition to the EITC, and can offer further tax relief. In particular, the Child Tax Credit now can provide an added refund even to workers who earn too little to owe much, or any, income tax, and are ineligible to receive the EITC. Informing working families about all the tax credits they qualify for, and assisting them to claim these, is another opportunity for new or existing EITC campaigns.

CONNECTION WITH PUBLIC BENEFITS

Finally, the EITC is just one of several public benefits targeted for low-income working families that are highly under-utilized. Federal and state governments offer a number of additional public benefit programs, such as health insurance for children, childcare, housing vouchers, food stamps, transportation vouchers and utility payment support. Under-utilization of federal and state public benefits is yet another opportunity that local EITC campaigns can consider when designing or modifying campaigns.

IV HOW TO IMPLEMENT A SUCCESSFUL EITC CAMPAIGN

A. PLANNING LESSONS LEARNED AND EXAMPLES

Traditional EITC campaigns that rely solely on marketing and outreach to target audiences do not address the fact that taxpayers are losing significant resources in transaction costs to file for taxes, and they often receive their refunds and convert them into cash, which substantially erodes the intended impact of tax credits. Traditional EITC campaigns also do not address the opportunity to leverage the significant refunds low-income families receive at tax time into assets.

The EITC campaigns supported by the Casey Foundation attempt to achieve the following goals:

- 1) Increase the number of families who know about and file for tax credits under the federal and state tax code
- 2) Increase the amount of tax credits and overall refunds that actually reach low-income working families and neighborhoods by reducing transaction costs related to filing taxes and converting refunds into cash
- 3) Assist low-income families to use their tax credits, connections to the tax code, and refunds to build assets.

In terms of design, Foundation-supported EITC campaigns strive to incorporate all of the following elements: 1) Outreach and education about tax credits and the tax code 2) Free or affordable income tax preparation services 3) Asset-building opportunities for working families.

In the planning stages, EITC campaigns must outline their goals and then weigh the pros and cons of providing different types of assistance. Outreach activities are a “given,” but at what cost, to what types and size audience? In terms of providing tax filing assistance, setting up VITA sites with the IRS and relying on volunteer labor can seem, on the surface, the easiest and least expensive alternative. Indeed, this is the most common tax preparation strategy currently employed by AECF-supported EITC campaigns. Contacting the local IRS SPEC Territory Manager as a starting point will provide a clear understanding of existing efforts, as well as knowledge of the IRS resources available to support local coalitions. However, it should be noted that IRS resources are limited in some locations and what the IRS can provide in terms of support will vary from location to location. In fact, a number of EITC campaigns have found that operating VITA sites in coordination with the IRS can be challenging, finding reliable and high quality volunteers and successfully training them is difficult, and volunteer tax preparation operations are labor-intensive. Ultimately, these sites have a limited scale in terms of how many people they can reach.⁷ If an EITC campaign is interested in reaching more than a few thousand clients over the long term, additional alternatives for tax preparation, such as working with employers, collaboration with high-quality commercial tax preparers or relying more heavily on technology, must be examined.

While in the planning stage, an EITC campaign also must weigh the costs and benefits of working in broad coalitions. Operating campaigns through groups of institutions in the form of a coalition, with community input, is a strategy employed by the Annie E. Casey Foundation’s *Making Connections* initiative. But this is just one strategy, utilized primarily in urban areas. This strategy is employed to minimize cost, leverage partner capacity and ultimately contribute to the long-term sustainability of EITC campaigns. However, some EITC campaigns are effectively “stand-alone” operations, with staff providing EITC outreach, conducting tax preparation and offering taxpayers asset-building opportunities. Again, there is no one way to design or operate an EITC campaign, but planning is critical to its success.

The following section provides a set of valuable lessons learned and planning examples from local EITC campaigns.

LESSONS LEARNED ABOUT PLANNING

Timing is crucial. EITC campaigns operate on a set timeline, from January to mid-April each year. Sufficient time must be allocated to plan for campaign implementation. AECF-supported EITC campaigns begin planning in summer for the subsequent tax-filing season, and are especially careful to plan the training of

tax preparation staff and volunteers in time to have sites operational by early to mid- January. If planning to operate VITA sites, coordination with the local IRS SPEC Territory Manager regarding training issues will be critical to ensure that all training needs can be met in a timely and efficient manner.

Identify a person or a small team to function as the overall EITC Campaign Coordinator. This person or core team can be in charge of ensuring a successful campaign, and should have the authority to make decisions on behalf of the EITC campaign.

Planning should include appropriate research. EITC campaigns should not decide on a design before finding out how low-income, working families now interact with the tax code and asset-building activities in the targeted geographic area. Again, the local IRS SPEC Territory Manager can be a useful source of important information for new EITC campaigns. EITC campaigns should attempt to find answers to the following questions: Where do families go now to get their taxes done? What do they like/not like about these services? What is the supply of tax preparation services in the target area? How much do these cost? What has been the scale of tax preparation operations in previous years? What local groups and organizations already are involved in tax outreach, tax preparation and wealth-building activities? What are local employers doing about tax outreach and tax preparation? What is the local policy environment like regarding the EITC and the tax preparation industry?

If starting a new rural EITC campaign, consider how the context for campaigns may be different than in an urban environment. There may be a lower concentration of EITC filers in small geographic areas, fewer organizations involved in promoting the EITC or providing affordable tax preparation or asset building services to low-income families, or organizations providing these services may be stretched thin. On the other hand, there may be more opportunities to build on existing technology, mobile services and other assets in rural areas.

Data mapping can help inform the EITC campaign design process. In the design stage, AECF-supported EITC campaigns often use maps that demonstrate local EITC filer concentration, location of financial institutions, tax preparation agencies, check-cashing stores, key employers and groups/agencies working towards economic development in low-income communities.

Consult other EITC campaigns and campaign networks. Successful EITC campaigns research what has worked, and what has not, in other geographic areas with similar populations. EITC campaigns should consider conducting peer visits to successful EITC campaign sites. Rural EITC campaigns should take care to consult campaigns that operate in similar geographic areas, and target similar populations, as the lessons learned in city campaigns may not be applicable or appropriate in rural areas.

If building a new EITC campaign coalition, host a community meeting. New EITC campaigns often begin by meeting with community representatives, potential campaign participants, and the funding community, to convey the results of research findings and determine local interest in beginning or expanding an EITC campaign.

Set realistic targets, goals and expected results for the campaign's operation up-front. If building on an existing campaign, base targets on prior performance.

Have proposed results drive the design strategy. Design a campaign that reflects the goals and expected results, and realistically considers the local context.

Start small. If planning a new campaign, plan to grow the scope and scale of the campaign in future years as capacity and experience increase. Many AECF-funded campaigns started their campaigns focusing on a small geographic area. After working out the kinks and gaining experience, campaigns are now working toward expansion.

Consider the possibilities of sustainability in the design process. Will the campaign operate for just one year? Five years? Indefinitely? Develop resource projections accordingly.

Develop a method to evaluate and/or report on the success of the EITC campaign before the campaign begins. Design appropriate data collection and/or evaluation systems and train staff/volunteers in the use of these systems. The Casey Foundation is currently developing a new data collection system, that will be implemented in Casey-supported EITC campaigns, to track impact and performance.

Obtain sufficient resource commitments to support the implementation of the EITC campaign. Depending on the scope and scale of the EITC campaign, in-kind support from nonprofit agencies and funding from cities, local corporations, foundations, employers, private institutions and individuals is often sufficient to cover the costs of running EITC campaigns. However, EITC campaigns also should consider new and innovative federal funding sources such as Temporary Assistance for Needy Family (TANF) funds, Community Development Block Grant (CDBG) funds, and grantees of the U.S. Treasury "First Accounts" program, as potential partners.

Develop detailed work plans that clearly outline roles, responsibilities and deadlines of everyone involved in the EITC campaign. Hold frequent "check-ins" to follow up on work plan accomplishments in the months prior to the campaign kickoff.

If working in a coalition, leverage the expertise of all the members of the EITC campaign. Find out what each member can offer, and assign responsibilities accordingly.

Obtain written agreements that outline the responsibilities of each organization/group involved in implementing the EITC campaign. Hold partners accountable for commitments.

If the design of the EITC campaign includes operating tax preparation sites, begin recruiting potential tax preparers (staff or volunteers) early. Do not wait until the last minute, as recruitment is labor intensive.

If relying on volunteer labor, AECF-supported EITC campaigns recommend recruiting twice as many tax preparer volunteers as needed. This is important, as many will not finish the training or end up actually volunteering at the tax preparation site. When possible, EITC campaigns should try to recruit pre-trained volunteers who are computer literate.

Plan and schedule volunteer training early. Consider training volunteers for tax preparation in the fall (using the prior year tax preparation software program) and then providing them with a refresher course closer to the tax season.

Develop a plan to allocate tax preparers (paid or volunteer) to tax preparation sites. Develop schedules and orientation sessions for staff and volunteers at each tax preparation site, as AECF-supported EITC campaigns report that volunteers appreciate this structure.

PLANNING EXAMPLES

- In New Orleans, an organization with data mapping capacity volunteered to develop maps of the target neighborhood demonstrating income concentration, VITA site locations, locations of financial institutions, check cashers, commercial tax preparation agencies and community development corporations. These maps, presented at an initial community meeting to discuss interest in mounting an EITC campaign, helped future campaign organizers determine the best location for outreach and affordable tax preparation services.
- Planning activities in Milwaukee included a telephone survey of 250 residents in a neighborhood targeted by an emerging EITC campaign. The phone survey was conducted by a member of the Milwaukee Asset Building Coalition, an emerging EITC coalition in Milwaukee. The goal of the research was to provide the emerging coalition with local data about resident knowledge and utilization of the EITC, tax preparation services and wealth-building activities. The survey assisted the emerging EITC campaign to design its campaign strategy.
- An emerging EITC campaign in Philadelphia is utilizing the coalition approach, involving dozens of institutions in a citywide effort to expand EITC outreach, expand free tax preparation services and connect taxpayers to asset-building activities. To minimize confusion and to ensure clarity in the first year of operations, the campaign coordinator developed memorandums of understanding for each coalition member, outlining their responsibilities and duties as a member of the campaign.
- One example of leveraging partners in an emerging EITC campaign is in New Orleans, where one campaign member represented the Federal Reserve Bank. This campaign member volunteered to approach financial institutions to determine their interest in being involved in the emerging EITC campaign. One financial institution responded by offering “unbanked” taxpayers the ability to open savings accounts at two free tax preparation sites operating in the Central City neighborhood.
- Chicago’s Center for Economic Progress (formerly the Center for Law and Human Services) operates an EITC campaign in coordination with a number of stakeholders and institutions, including the Mayor, city departments and ShoreBank. Planning for the subsequent year of tax preparation operations begins immediately following the conclusion of the tax season, with an evaluation of the campaign’s performance. The Center relies on previously developed tools (detailed manuals, work plans, training schedules, survey instruments, etc.) in prior years to assist in future planning.

B. MARKETING AND OUTREACH

Conducting appropriate marketing and outreach activities is key to the success of an EITC campaign. Finding the right balance between marketing and outreach and campaign operations is a difficult task. Focusing overly on outreach and marketing can strain the operations of an EITC campaign if the supply of services cannot meet the demand generated among the target population. Alternatively,

many EITC campaigns have found tax preparation sites idle and slots open for asset-building opportunities by not focusing sufficiently on outreach and marketing.

Local EITC campaigns can take advantage of a variety of national outreach materials. The Center on Budget and Policy Priorities is a resource that all new EITC campaigns should consult before starting a campaign. This organization maintains databases of institutions involved in outreach efforts, and develops and distributes a variety of outreach materials, including the annual EITC Outreach Kit (go to cbpp.org for information) in multiple languages. The Annie E. Casey Foundation also has developed a website (www.eitc.info) that connects the user to the marketing and outreach materials (print and media) actually utilized by Casey-supported EITC campaigns across the country. Some of these materials are in multiple languages.

There are a number of messages that EITC campaigns must get across to diverse audiences through marketing and outreach. The messages will differ based on the design of each campaign, but range from “Don’t over-withhold on your taxes” to “You earned it, claim it!” to “Please Volunteer” to “Come get your taxes prepared at X” to “Do something constructive with your tax refund.” Marketing and outreach activities must be specifically tailored to reach the targeted audiences, and appropriately timed around the holiday season. Marketing and outreach strategies and media costs can consume small EITC campaign budgets. Although it may seem counter-intuitive, EITC campaigns across the country agree that the most effective outreach and marketing strategy is to have satisfied customers who use word-of-mouth to spread the word.

The following sections include marketing and outreach lessons learned, and examples of strategies utilized by EITC campaigns.

LESSONS LEARNED ABOUT MARKETING AND OUTREACH

Know your audience. Define the audience(s) for the EITC Campaign, where they live and work, and effective communications methods for each. When working in an ethnically diverse community, consider conducting outreach and marketing in multiple languages, via multiple vehicles. Consider that word-of-mouth referrals from satisfied customers are considered the most effective marketing strategy for tax preparation services.

Define the message(s) for each audience. Keep the message straightforward, simple, and, if written down, eye-catching. Double-check the accuracy of telephone numbers, financial figures, foreign language translations and other information.

Consult other EITC campaigns for ideas. Before designing new outreach and marketing materials, new EITC campaign members should refer to the marketing and outreach materials already available, and make sure those materials are used in communities with a similar population base. Refer to the Center on Budget and Policy Priorities outreach materials and the www.eitc.info website for examples, and build on these.

Find a “VIP” Champion. Many EITC campaigns across the country have found willing spokespersons for their efforts in current and former Governors, Mayors, city council members, Presidents and

Vice-Presidents. Other than elected officials, other local leaders or celebrities can play a VIP role in press conferences and other promotional events.

Address the issue of trust. Many low-income communities are mistrustful of goods and services that sound “too good to be true.” Utilizing appropriate messengers is one way to overcome potential and existing mistrust of the community toward the EITC campaign and its services.

Relay campaign messages multiple times. Recognize that the audience may need to hear the message(s) more than once, and from multiple sources, to internalize and act upon the information.

Build on what works. Marketing and outreach vehicles and strategies exist that have been demonstrated to work with the target population. Recognize that different ethnic groups and income brackets may require different marketing and outreach strategies.

If working in a community with many recent immigrants, consider adding outreach and services around Individual Taxpayer Identification Numbers (ITIN) as part of the EITC campaign. Immigrants without social security numbers are still potential taxpayers. While they cannot claim the EITC without a social security number, immigrants can file for taxes, claim children as dependents and claim other tax credits, including the Child Tax Credit. But to file a tax return, such workers must first obtain an ITIN from the IRS.

Look for in-kind support. Identify institutions and organizations that are in frequent contact with the target audience (e.g., churches, employers, schools, unions, public housing associations, community-based organizations, food banks, health clinics, non-profits, local businesses, child care centers, government agencies, employment offices) and enlist them in supporting outreach activities. Approach advertising agencies and media for in-kind support. Reach out to formal and informal community leaders and enlist their active participation in marketing and outreach activities.

Hotlines are essential. EITC campaigns can build upon existing telephone hotlines for low-income families, adding information about the campaign. If this is not possible, EITC campaigns should establish new telephone hotlines to inform potential customers about the campaign and related services.

Consider the following strategies: Host “open houses” where the target audiences congregate. Display posters, distribute flyers, and show videos in well-traveled areas (e.g., waiting rooms, office lobbies, community centers). Hold meetings or open houses to introduce partners and community members to the EITC and affordable tax preparation sites. Place the message in church bulletins or ask religious leaders to inform congregations about the EITC campaign.

Develop a media strategy to complement marketing and outreach activities.

MARKETING AND OUTREACH EXAMPLES

- In Baltimore, outreach efforts are building on activities that have been part of a 10-year EITC marketing campaign throughout Maryland. The Maryland Committee for Children, the group responsible for the statewide EITC campaign, also is involved with the Baltimore drive. Local outreach efforts include a meeting with front-line staff of city workforce agencies to inform them about the campaign and mailings to over 500 area soup kitchens, emergency shelters, and other transitional housing programs.

- United Farm Workers (UFW), the national union representing migrant and seasonal farm workers, delivers the EITC message to Spanish-speaking Mexican-American and Mexican immigrant families. Using a network of local Latino organizations and media outlets, UFW reaches across state lines from south Texas to Washington State. EITC information reaches the entire central coast of California and the San Joaquin Valley, the heart of the agriculture industry. Through their 14 offices operating in these states, UFW organizers talk about the EITC at meetings with workers and distribute flyers to the surrounding Latino community. During the tax-filing season, union-sponsored radio stations feature public service announcements (PSAs) in Spanish, and farm worker newsletters and local newspapers carry EITC information.
- In Anchorage, Alaska, Kohanic Broadcasting saturated the airwaves with EITC radio spots taped by familiar announcers and celebrities. Kohanic Broadcasting's programming is heard by large Native American and Alaska Native audiences across the lower 48 states and Alaska. The combination of a familiar and trustworthy media outlet and credible spokespeople helped the message reach deeply into targeted communities.
- In Louisville, a promotional blitz of continuous television spots, billboards, newsletters, and brochures taped to Kentucky Fried Chicken boxes formed part of the marketing and outreach strategy for this city's EITC campaign. Louisville's campaign targeted six neighborhoods to steer the working poor into eight VITA sites. To market the VITA sites, 35,000 flyers were distributed in English and 5,000 in six other languages, including Russian, Serbo-Croatian, and Arabic. Three hundred signs were posted inside and outside buses and in bus shelters, advertising the EITC and free tax help. Housing authority case managers went door-to-door to talk to residents about the EITC and VITA sites.
- In Tulsa County, outreach to recent immigrants is done in partnership with local churches. The outreach worker of the EITC campaign discusses issues around the EITC tax campaign with local religious leaders. The religious leaders work with the parish to set up a time for the outreach worker to meet directly with parishioners.
- In Indianapolis, 14,000 flyers were distributed to taxpayers in three targeted areas of the city. They were printed in both English and Spanish. Articles appeared in Hispanic newspapers, neighborhood newsletters, and Indianapolis' two major newspapers. An IRS spokesman appeared several times on a call-in radio show which targets the Hispanic community to answer tax questions about the EITC. The mayor of Indianapolis mentioned the EITC in many speeches and emphasized the credit's value to the working poor. The messages included in the outreach campaign were EITC eligibility and filing requirements, and the fact that a social security number is required to claim the EITC, but an Individual Tax Identification Number (ITIN) can be used to claim the Child Tax Credit. Outreach efforts also highlighted the money saved through free tax preparation and the availability of financial literacy information at the sites.
- "Marketing Ambassadors," armed with information about the EITC and free tax preparation services, were sent into neighborhoods throughout Camden to inform potential EITC recipients. Marketing Ambassadors were residents of the target community and some were bilingual.

■ Providence's EITC campaign outreach strategy included distribution of over 4,000 flyers as well as mailings, a weekly radio program, radio public service announcements and newspaper coverage. Mailings were sent to 150 churches as well as other community organizations. Flyers were provided in English, Spanish, Khmer and Laotian languages. Distribution of flyers started at the annual Martin Luther King Jr. breakfast for more than 400 community leaders. Flyers were provided to community organizations, local businesses and residents. Announcements of the program were made at the Buddhist temples serving the Laotian and Cambodian communities. The radio program reached 25,000 people with messages about the EITC and filing for taxes every Sunday morning during tax season. Each week, the radio show was dedicated to a tax-related issue, taking call-in questions, and featuring a bilingual accountant.

C. AFFORDABLE TAX PREPARATION SERVICES

Many EITC campaigns include free, or low-cost tax preparation services, as part of their campaign. Before including this service, EITC campaigns should first consider all the potential options for expanding affordable tax preparation services to the target audience within a geographic location. Options include, but are not limited to: 1) Working with the IRS to establish or expand free VITA sites 2) Establishing free or expanding affordable tax preparation sites operated without IRS support 3) Working with employers to offer tax preparation services at the worksite 4) Negotiating with private accountants to offer affordable tax preparation services 5) Offering door-to-door, or mobile tax preparation 6) Negotiating with the commercial tax preparation industry to offer affordable tax preparation services. The method of tax preparation chosen should depend on the proposed level of scale and saturation of the EITC campaign. Campaign designers also must take into consideration the cost, and the potential for growth, of certain methods of providing tax preparation.

Offering tax preparation services is a serious and time-consuming undertaking. It begins with understanding the tax code and can include some or all of the following: 1) Knowing the tax needs of the target audience 2) Recruiting staff and/or volunteers 3) Providing high-quality training in tax preparation service 4) Negotiating with the IRS, the community, and other potential partners (such as financial institutions, commercial tax preparers or employers) 5) Organizing the tax preparation site location, including set-up and computerization 6) Selecting a tax preparation software 7) Developing appropriate site infrastructure and good marketing of the tax preparation services. And this is all before the tax season arrives!

The tax season effectively begins as soon as workers receive their W-2 statements in the mail from their employers. In early January, EITC campaigns are consumed with providing low-income families with the highest-quality, speediest, most affordable tax preparation services possible. During the tax season, EITC campaigns must monitor the operations of tax preparation sites, ensure the quality performance of all employees and volunteers, and be willing to make necessary changes mid-stream.

Different types of classes are offered by the IRS to train tax preparers to volunteer at VITA sites. These training classes vary from a short eight-hour class to a more intensive 40-hour class. Those who are trained in the eight-hour class will be able to file only simple returns (no itemized returns, no schedule C) using a computer and tax software, which means that small business owners, and

those paying a mortgage, will have to receive filing assistance elsewhere. Those trained in the more intensive tax preparation classes will be able to complete returns for a more diverse segment of the population. In either case, VITA sites offering e-filing services also must consider staffing needs, as many tax returns filed via e-filing are initially rejected and require follow-up assistance. Also, a new VITA location would be wise to recruit a coordinator for the site who would be available to support the new tax preparers and prepare tax returns in more complicated situations.

Below are a few of the lessons learned by those providing free, or affordable tax preparation services across the country, and examples from organizations that were successful in their efforts.

LESSONS LEARNED ABOUT AFFORDABLE TAX PREPARATION

Timing is crucial. To reach low-income audiences, tax preparation services must be operational by the time workers receive W-2s in the mail (as early as the first week in January).

Consult other EITC campaigns for ideas. Before finalizing and implementing a tax preparation strategy, look to the examples of high-quality tax preparation services nationally. Contact the Center for Economic Progress to get on this organization's list serve for free tax preparation clinics.

Offer e-filing and computerized filing services wherever possible, knowing that low-income taxpayers across the country value speedy refunds and high-quality service. Ensure that the tax preparation site's electronic system and available computers can handle the tax preparation software. Fit the tax preparation site with laser printers and photocopiers.

Plan for waves of customers. Low-income taxpayers tend to seek tax preparation services in January/early February or in late March/early April. The in-between periods tend to be slower at tax preparation sites.

When establishing new tax preparation sites, value quality over quantity. Establish fewer, more efficient, high-quality tax preparation sites or operations instead of attempting to establish multiple sites. High-quality in this context refers to preparing hundreds, if not thousands of tax returns in a cost-effective manner, while maintaining a low error rate on tax returns, and providing fast and efficient service to customers. Many EITC campaigns refer to high volume, cost-effective VITA sites as "super sites."

Extensively plan all affordable tax preparation operations before opening them to the public. Clearly define the tax preparation process from start to finish, from the point of view of the customer, staff and volunteers.

When establishing VITA sites, host these in office space of the EITC campaign partners, not just in attractive physical locations. If the missions of the partner organizations complement the goals of the EITC campaign, chances are higher for success of the tax preparation site.

Staff VITA or affordable tax preparation sites with highly trained tax preparers. If working in communities with many immigrants, attempt to find tax preparers who speak the languages of the target population. Avoid relying on interpreters, and allowing children of taxpayer parents to act as interpreters.

Consider customer satisfaction and respect at every stage of tax preparation. Low-income customers demand high-quality and speedy returns, and respectful treatment.

Staff each tax preparation site with a paid coordinator. Paid coordinators can oversee staff and volunteers, ensure a smooth running operation and verify the accuracy of completed returns. The quality and reliability of coordinators can “make or break” a tax assistance site.

Consider the costs and benefits of utilizing volunteer, versus paid, tax preparers. Working with the IRS means relying primarily on a volunteer workforce operating VITA sites with minimal liability. Working independently from the IRS raises liability concerns, but allows for more flexibility in recruitment, software, training and payment of staff.

Consider the costs and benefits of utilizing different tax preparation software. Taxwise software is offered free by the IRS and some accountants and EITC campaigns swear by it. Other campaigns are supporters of TurboTax and believe that the benefits of using this interview-style software outweigh the costs of having to purchase it. New and existing EITC campaigns should contact campaigns with experience in affordable tax preparation services to ascertain what software is the most appropriate for their situation.

If operating a VITA site, contact local colleges and universities and large employers for potential volunteers. Many colleges and universities will provide students with service credits for working at a VITA site, and many employers encourage their employees to pursue volunteer activities outside of the workplace. Certified public accountant (CPA) associations, retired CPAs and service sororities or fraternities also may be sources of potential volunteers.

If operating a VITA site, work closely with the IRS to ensure high quality training for volunteers. Recognize that IRS staffers are primarily auditors and accountants, not trainers or adult education teachers. Provide repeat trainings if necessary. Recruit and train more volunteers than required, anticipating dropouts.

Require valid identification at all tax preparation sites. Consider requiring original social security cards. Filing a return with fraudulent identification and/or documentation will hurt the taxpayer and damage the reputation of the site.

Determine the range of tax preparation services the VITA or affordable tax preparation site will provide, and staff the sites accordingly. Maintain a referral list of affordable and trusted preparers who can serve customers with more complicated returns.

Offer taxpayers a “close-out” package. Include in this a copy of the return and an instruction sheet on what to do if anything goes wrong with the return during or after the tax season.

Be alert for taxpayers who may require assistance in reading and filling out forms. Campaign staff should be available to assist customers in filling out sign-up sheets, surveys or any other required forms.

Tax preparation sites should be conveniently located and welcoming. When choosing sites, consider access to public transportation, parking, and convenience for volunteers, staff and potential customers. Arrange for a physical space that is large enough for operations and has space for waiting areas, possible childcare, and

rest rooms. Consider all aspects of safety and security, including well-lit parking and security for staff, volunteers and equipment.

Establish back up plans for technical difficulties, such as software problems, computer problems or power outages. When possible, have a hands-on technical support person available at the tax preparation site to handle computer software and hardware concerns.

Assess the performance of each tax assistance site throughout the campaign. Make changes as necessary.

If interested in reaching scale quickly in an area saturated with independent and/or commercial preparers, consider negotiating or collaborating with these entities to offer high-quality, affordable tax services to the target population.

AFFORDABLE TAX PREPARATION EXAMPLES

- Just a few years ago, there were only four VITA sites in Camden, New Jersey, a city of 80,000. In 2002, the newly emerging EITC campaign operated 18 VITA sites and nine information centers. The VITA sites were located in libraries, churches, a housing complex, community-based organizations, and nonprofits. Two nonprofit employers that employ a large number of low-income people became active members in the EITC coalition, focusing the message of the campaign on their own employees.

- In 2002, Denver, which has no city income tax, became first in the nation to offer a city earned income tax credit funded with federal dollars known as TANF (Temporary Assistance for Needy Families). The city took \$5 million from its annual \$4.2 million allocation to provide a credit equal to 20 percent of a family's federal EITC award in the prior year. Available only to workers with children, the city EITC ran as high as \$778 for a family. The application for the city tax credit was made as simple as possible, and applications were made available at public libraries, the city's six workforce centers, and IRS VITA sites. H&R Block agreed to distribute applications and to help applicants fill out this form without charge. Applicants received the city EITC check in the mail three to four weeks after applying. By piggybacking on the eligibility information already provided in the federal EITC application, Denver was able to reduce the overhead of administering these TANF funds from 20 percent to 1 percent, reduce the time it takes a low-income working family to apply for these funds from several hours to a few minutes, and increase the participation rate by more than 600 percent.

- During a 2001 EITC campaign, CityFirst Bank in Washington DC asked a respected local accountant serving the Hispanic community to provide affordable tax preparation services in the bank during business hours. The accountant prepared paper tax returns for a flat fee of \$35, and referred customers to CityFirst Bank to establish accounts and have their tax refunds direct-deposited. If taxpayers insisted on receiving their refunds earlier, the accountant would refer them to CityFirst's experimental "rapid refund loan" product, provided at a non-usury interest rate.

- To minimize transaction costs associated with cashing tax refund checks, the EITC Campaign in Tulsa negotiated with a local bank to offer low-cost tax refund check cashing services to VITA customers. In Milwaukee, the EITC Campaign worked with financial institutions to offer Electronic Fund Transfer Accounts to "unbanked" VITA customers so that tax refunds could be direct-deposited into financial institutions.

- The Northeast Oklahoma Community Action Agency (NEOCAA) staff members were trained by the IRS to conduct tax preparation. Staff of NEOCAA took the organization's computers loaded with tax preparation software to Head Start Centers to offer tax assistance. The Parent Council of the Head Start Center helped plan tax preparation services and conducted marketing and outreach to members of the community. Customers receiving tax assistance were also referred to Head Start and workforce development programs offered by NEOCAA.
- The state of Missouri used TANF funds in 2000 to support a statewide EITC campaign. The state provided funding to 19 community action agencies to conduct outreach and provide free VITA tax preparation services to low-income communities, often in partnership with Department of Social Services offices. More than 1,500 families received tax preparation assistance. The campaign also educated taxpayers about low-cost or free checking or savings accounts made available by banks working in partnership with the initiative. Advance payment of the EITC through employers was also promoted as a way for low-income workers to access the EITC year-round and contribute to savings accounts or IDA accounts.
- United Farm Workers (UFW) tax assistance sites tailor their services to deal with difficulties specific to filing taxes for migrant workers, such as not having wage documentation. Two UFW offices in Texas filed over 800 returns during the 2002 tax season, charging a nominal fee for these services to cover the costs of operation. As a new initiative in response to clients' requests, these offices offered rapid refund loans to customers at non-usury interest rates.
- The 2002 Providence EITC campaign opened four multilingual and multi-service VITA sites in target neighborhoods, all in community-based organizations, staffed by 13 volunteers and one paid accountant. The VITA sites were open twice a week during the five peak weeks of the filing season, and on Saturday mornings for the remainder of the tax season. These VITA sites served customers based on an appointment schedule, but accepted walk-ins as well, and provided services in English, Spanish, Khmer, Laotian, Hmong and Vietnamese. The host organization at each VITA site has special connections to one or more of the major communities in its neighborhood - Southeast Asian, Hispanic, and African American.
- In San Antonio, the 10-year EITC campaign expanded VITA services to six new VITA sites and also utilized mobile teams to provide tax preparation services to employees in their offices. At the VITA sites, staff and volunteers of the campaign distributed Kinder Readiness information, signed families up for the San Antonio Water System Water Meter Discount Program, and informed taxpayers of the services offered by the Department of Community Initiatives.
- For the 2003 campaign, EITC campaign organizers in Baltimore decided to convert a number of VITA sites throughout the city that previously relied on Tax Wise software, to become free tax preparation sites offering e-filing with TurboTax software.
- New York's EITC campaign established VITA sites in four union offices throughout the city. One union was especially successful in attracting hundreds of clients to the VITA site by using an existing automatic phone contact system and database of union members to inform them about the EITC and free tax preparation services.

D. ASSET BUILDING

A crucial element to AECF-supported EITC campaigns is connecting taxpayers to opportunities to use their tax credits and the tax code to build assets, and ultimately wealth. There are many potential asset-building opportunities that EITC campaigns can consider, such as:

- Financial literacy training
- Debt reduction counseling
- Credit counseling and credit repair
- Removing one's name from "chex systems" (the financial institution database of customers with poor credit histories or negative prior experience with financial institutions)
- Homeownership counseling
- Savings strategies
- Connecting families with accounts in financial institutions
- Investment clubs
- Individual Development Account programs
- Other activities that help families build wealth

EITC campaigns across the country are connecting outreach and tax preparation activities with asset-building opportunities. These examples should be consulted and investigated by new or existing campaigns interested in doing similar work. EITC campaign organizers can consult the Center for Economic Progress list serve (formerly the Center for Law and Human Services) and the Center for Budget and Policy Priorities for information on EITC campaigns offering asset-building opportunities to taxpayers. EITC campaign organizers also can contact institutions such as the Corporation for Enterprise Development for information on local Individual Development Programs (www.cfed.org), the local Consumer Credit Counseling Services (find local affiliates through www.cccsintl.org) for a list of high quality, credit clean-up activities, or the National Credit Union Foundation (CUNA) at www.cuna.org for a listing of local credit unions involved in asset-building activities for low-income families. Local EITC campaigns should check with organizations currently conducting asset building for families in the target geographic area, and state and national banks operating in the target neighborhood, to identify what these institutions are doing in terms of assisting the low-income market to build wealth.

However, each of these asset-building strategies is designed for different populations with different needs, and has different infrastructure and capacity requirements and cost structures. EITC campaigns must determine what their target population demands in relation to asset building before offering one or more strategies, and/or services, as part of their campaign.

Although all EITC campaign customers are potential targets for asset-building opportunities, EITC campaigns must be realistic in terms of expectations for take-up of these additional services. The priority for most taxpayers will be to have their returns prepared in a quality fashion and receive their refunds quickly. Although many EITC campaign customers have used their refunds to open bank accounts, initiate IDA accounts, or put down payments on homes, experience to date demonstrates that the majority of taxpayers have not taken advantage of the asset-building opportunities offered through tax preparation sites.

Below are a number of lessons learned from EITC campaigns that incorporate asset-building activities into their structure, and a number of examples of successful strategies.

LESSONS LEARNED ABOUT ASSET BUILDING

Know your target population. Before developing a new product or program, conduct research on the target population. Determine experience, interest and potential in the many areas of asset building.

Consider cost and capacity. Each asset-building strategy will carry a different cost structure and will require different levels of capacity. Some strategies are more capacity and cost intensive than others.

Visit EITC campaign/asset building programs that work. EITC campaigns across the country are connecting the tax code with asset building. See first-hand how these programs work before committing to a strategy, or strategies, for asset building.

Consider appointing an asset-building coordinator to each tax preparation site. EITC campaigns report that overseeing tax preparation activities alone can be hectic, and it is too much to ask that the same person also oversee asset-building or additional activities offered at the site. To ensure smooth operations and appropriately coordinate the provision of on-site asset-building services, some EITC campaigns are appointing a tax coordinator and an asset-building coordinator to each tax preparation site.

Plan extensively. Design the asset-building services as part of the EITC campaign and determine exactly how services will be offered. If offering asset-building services at a tax preparation site, spend as much time planning the asset-building side as the tax preparation side. Do not offer asset-building products and services at the tax assistance sites that are not yet operational.

Leverage campaign partners when conducting asset building. Consider cost effectiveness and possibilities for quality programming by building on the expertise of campaign members rather than designing new asset-building programs. When feasible and possible, sign agreements with partners of the EITC campaign outlining responsibilities for providing asset-building products and services.

Promote on-site products and services over referrals. If asset-building services are to be offered at the tax preparation site, immediately offer products and services and/or sign up customers to asset-building opportunities. EITC campaigns report that offering flyers, sign-up sheets and referrals to different asset-building programs is not as effective as providing on-site products and services. This strategy may be even more important for rural EITC campaigns, where financial institutions, asset-building opportunities and transportation may be scarce.

Consider offering assistance in applying for Individual Tax Identification Numbers (ITIN). If working in an area of recent immigrants, consider arranging for taxpayers to receive Individual Taxpayer Identification Numbers (ITIN) on site by becoming a certified Acceptance Agent through the IRS. An ITIN number is often a precursor for taxpayers without social security numbers to establish an account in a financial institution.

Consider locating VITA or tax assistance sites in asset-building institutions. Some campaigns operate VITA sites in banks or credit unions, or in nonprofits that manage homeownership, IDA or financial literacy programs.

ASSET-BUILDING EXAMPLES

- As part of the 2002 Des Moines EITC campaign, two banks offered special certificates of deposit for EITC-eligible taxpayers. One required a \$250 deposit for 10 months and was linked to a no-cost savings account. The other bank required a \$500 deposit with an option to leave the deposit for six, nine or 10 months. Banks also agreed to supply volunteers to VITA sites to open accounts for taxpayers and to provide speakers at financial literacy courses. Banks also posted information about VITA sites in their branches. Taxpayers were referred to two IDA programs that incorporated financial literacy education, and workshops on buying a home or car, starting a business, and other asset-building strategies.
- In 2002, CityFirst Bank in Washington, DC, provided a staff person to a high-volume VITA site. The bank staff person spoke Spanish and English, and spent one to two hours at the VITA site five days a week. Using posters, handouts, group presentations, and one-on-one-conversations, the staffer urged waiting taxpayers to direct deposit their tax refund in any bank. This individual was able to open a CityFirst savings account for anyone, on the spot, regardless of their credit history. When taxpayers insisted they needed money immediately to pay bills that carry late-payment penalties, CityFirst offered a tax refund anticipation loan at a non-usury rate, if the taxpayer opened a bank account.
- The Center for Economic Progress and Shorebank worked together to design and implement an “Extra Credit Saving Program.” This program established a VITA site in the lobby of a Shorebank branch in a low-income neighborhood in Chicago. Customers of the VITA site were interviewed before they had their taxes prepared by Shorebank staff to determine their interest in opening a savings account with part of their tax refund. Accounts had no fees, no minimum balance and earned the same interest rates as regular savings accounts. Participants in the program could receive an ATM card that could be used without fees at any ATM in the ShoreBank network.
- As part of New York City’s first comprehensive EITC Campaign, a new VITA site was established in the Bethex Federal Credit Union in the Bronx and staffed by volunteers and employees of the Community Food Resource Center, the group coordinating the New York City EITC Campaign. Customers of the VITA site were offered savings accounts on the spot to facilitate direct deposit of their returns, in addition to all the products and services offered by the credit union (financial literacy training, IDAs and homeownership counseling).
- As part of the Louisville EITC Campaign in 2002, banks sent representatives to VITA sites to open checking and savings accounts for direct deposit of tax refunds. Combined homeownership-financial literacy classes also were offered at VITA sites and instructors referred people to other asset-building opportunities such as IDAs. Sixty places in IDA programs and \$200,000 in matching funds were set aside for VITA tax filers. At the same time, IDA clients were being referred to VITA sites for tax help. Those at VITA sites who were flagged by “chex system” for banking or credit problems were referred to Fresh Start, a local program providing financial literacy education and credit repair services. Once individuals did what was necessary to clear up their credit problems, they could set up bank accounts in participating financial institutions.

- Jay, Oklahoma's EITC Campaign is a rural campaign run by the Northeast Oklahoma Community Action Agency (NEOCAA). This campaign was organized statewide and helped families file federal and state tax returns and then encouraged eligible clients to save part of their tax refunds in an Individual Development Account program.
- The EITC Campaign of Tulsa, Oklahoma is run by the Community Action Program of Tulsa County. This program also runs one of the largest IDA programs in the country. The program encourages participants to use their EITC to leverage funds for investment. Participants' comments indicate that the EITC and IDA work together to provide a powerful springboard for rising up the economic ladder.

E. POST-CAMPAIGN ACTIVITIES

The fact that the tax season is finite means that EITC activities and the campaign are strictly time-limited. After the tax season concludes, EITC campaign staff and volunteers, especially those involved in tax preparation assistance, are often exhausted. Staff should be given the opportunity to rest and rejuvenate, and then to celebrate their hard work.

The end of the tax season does not mean that problems for low-income taxpayers are over for the year. Many taxpayers claiming the EITC or other tax credits are contacted later by the IRS and are required to clear up any errors or ambiguities. Other taxpayers may find out after the following season that they had qualified for the EITC, or are eligible to claim the EITC for back years. EITC campaigns should consider providing post-filing assistance, or at the very least, maintain and hand out a referral list of agencies offering post-filing assistance.

The end of a campaign also is an excellent time for EITC campaign partners and staff to assess performance, and to evaluate the extent to which they met their goals, targets and results defined in the planning stage.

The following are some post-campaign lessons learned and post-campaign examples from EITC campaigns nationally.

POST-CAMPAIGN LESSONS LEARNED

Host a party/recognize staff and volunteers. All campaign partners, donors, staff and volunteers should be recognized and congratulated for their contributions and efforts at the conclusion of the tax season.

Conduct self-assessments and develop performance reports. Campaign partners, donors and the target community will be interested in hearing about the results of the EITC campaign. As soon as appropriate, EITC campaigns must mobilize staff to collect data and prepare reports to share with the public.

Maintain capacity to address taxpayer concerns after the tax season. If post-filing services are not offered by the campaign, implement a strategy (at a minimum, a referral list) to help filers whose returns are rejected or have problems, or who did not file for the EITC during the most recent tax season or in previous years.

Start planning for the next year's campaign. Depending on their complexity and scope, campaigns can be yearlong operations. Many campaigns conclude work in April, and by June are designing the next year's campaign.

POST-CAMPAIGN EXAMPLES

- In New Orleans, the Central City Asset Building Coalition hosted a post-campaign crawfish bake to recognize the contribution of campaign partners and VITA volunteers.
- Milwaukee's Asset Building Coalition post-campaign activities included a party for coalition partners, staff and volunteers and a self-assessment meeting where coalition members gathered to discuss successes, areas for improvement and ideas for the upcoming year. The self-assessment information went into a report that was sent to campaign donors and partners.
- In New York, detailed data was collected and analyzed from all VITA sites and used to assess the effectiveness of the campaign, establish a baseline for future tax season efforts, and prepare a report to donors and partners.
- One of the partners of Providence's EITC campaign continued to serve largely Hispanic immigrants following the tax season by providing assistance with applying for Individual Tax Identification Numbers (ITINs), and post-season assistance in preparing tax returns for those receiving ITINs. The campaign helped more than 1,000 clients apply for ITINs.
- Community Legal Services in Phoenix, Arizona is a Low-Income Taxpayer Clinic with funding through the IRS. This program provided legal assistance to 53 families in 2002. Results included EITC refunds to eligible workers who had been improperly denied the credit, and reasonable payback arrangements when the IRS correctly determined workers had erroneously claimed the EITC.
- Baltimore's EITC campaign decided to begin planning for the 2003 tax season in June 2002. Campaign meetings are held at least monthly prior to the beginning of the tax season, and they include all partners involved in operations.

V END NOTES

¹ *Making Connections* is part of a long-range strategy by the Casey Foundation to advance the premise that children do better when their families are strong, and that families do better when they live in supportive communities.

² See John Karl Scholz's 1994 article, "The Earned Income Tax Credit: Participation, Compliance and Antipoverty Effectiveness." *National Tax Journal*, volume 48, pp 64-85. Scholtz claims that 80-86 percent of qualified filers did not claim this credit in 1990.

³ The Brookings Institution contends that as much as \$2 billion in EITC refunds were diverted in 1999 to pay for tax preparation, e-filing and "rapid refund" services.

⁴ The "unbanked" are those without any sort of deposit accounts at financial institutions. The January 2000 Federal Reserve Bulletin reported that 9.5 percent of American households had no transactions accounts in financial institutions in 1998.

⁵ The number of 113,000 taxpayers served by VITA/TCE is truly an estimate. It may be under-counting because many VITA/TCE volunteers may not have indicated that the tax return was completed at a VITA/TCE site on the actual return. It also may be over-counting, as it includes the returns completed at large military base sites for service-members who may not be as heavily EITC-eligible as the clientele at a typical VITA site.

⁶ The Brookings Institution also manages a data file that provides zip code-level information on the location of EITC recipients, commercial tax preparers and refund loans in tax year 1999 for the 100 largest US metropolitan areas analyzed in this report. This information can be accessed at www.brook.edu/urban/publications/berubekimeitcdata.htm The Brookings Institution also is developing

similar data files for rural areas. Contact the Brookings Institution for more information.

⁷ The most successful volunteer-based operation served 19,000 statewide in IL in 2002, after years of operations.

VI RESOURCES

PUBLICATIONS

"A Local Ladder for the Working Poor: The Impact of the Earned Income Tax Credit in U.S. Metropolitan Areas." The Brookings Institution, September 2001.

www.brookings.edu/urban/eitcnationalexsum.htm

"The Price of Paying Taxes: How Tax Preparation and Refund Loan Fees Erode the Benefits of the EITC." The Brookings Institution, May 2002.

www.brook.edu/urban/publications/berubekimeitcexsum.htm

Data files of zip code level information on the location of EITC recipients, commercial tax preparers and refund loans in 1999 for the 100 largest U.S. metropolitan areas analyzed in the report can be accessed at:

www.brook.edu/urban/publications/berubekimeitcdata.htm

"Rewarding Work: The Impact of the Earned Income Tax Credit." The Brookings Institution (information and maps on EITC filers in 22 cities and 100 metro areas)

www.brookings.edu/dybdocroot/urban/eitc/abstract.htm

Contact The Brookings Institution for information on soon-to-be released data on the EITC in rural areas.

"Tax Preparers Peddle High-Priced Tax Refund Loans: Millions Skimmed From the Working Poor and the U.S. Treasury." Consumer Federation of America and the National Consumer Law Center, Inc., January 31, 2002. www.consumerfed.org/taxpreparers.PDF

“Repealing the Hidden Tax: A Tulsa Nonprofit Helps Working Poor Families Avoid Expensive Tax Preparation, Maximize Refunds and Begin Saving for the Future.” The Annie E. Casey Foundation’s Advocasey publication, Spring 2002.

www.aecf.org/publications/advocasey/spring2002/hiddentax.htm

“Opening the Door to Assets for the Working Poor.” The Annie E. Casey Foundation’s *Casey Connects* publication, Winter 2002.

www.aecf.org/publications/data/connects.winter.2002.pdf

“Who Knows About the Earned Income Tax Credit?” The Urban Institute, January 2001.

www.newfederalism.urban.org/html/series_b/b27/b27.html

“The EITC: Expectation, Knowledge, Use and Economic and Social Mobility.” APR No. 13, Center for Policy Research, Syracuse University, October 1999 (revised April 2000).

“The EITC and USAs/IDAs: Maybe a Marriage Made in Heaven?” Center for Policy Research, Syracuse University, January 2002.

www-cpr.maxwell.syr.edu/faculty/smeeding/papers/usaida.pdf

“Grow Faster Together. Or Grow Slowly Apart.” Domestic Strategy Group, The Aspen Institute, October 2002.

aspeninst.org/dsg/2002report/fullreport.pdf

OUTREACH AND CAMPAIGN MATERIALS

Center on Budget and Policy Priorities EITC Outreach Kit www.cbpp.org/eic2002/index.html

“Mayor Daley’s Earned Income Tax Credit Outreach Initiative”

www.chicago-eitc.org

IRS VITA Coordinator Manuals

www.eitc.info/resources/materials.asp

IRS Toolkit for How to Develop a Community-Based Partnership

This document is still in development. Please contact Janie Neal (Janie.neal@irs.gov) at the IRS for more information on when this information will be released.

Volunteer Protection Act of 1997

www.eitc.info/resources/misc/volunteer_protection.htm

Annie E. Casey Foundation EITC Campaign Materials (Guide & Campaign Toolkit, including logos, flyers, posters, samples of public service announcements, etc.)

www.eitc.info

Tax Roundtable List Serve

Write to request involvement in the list serve to: info@centerforlaw.org

National League of Cities

Helping Working Families Action Kit

www.nlc.org

Or contact Abby Hughes Holsclaw

(holsclaw@nlc.org), program associate in NLC’s YEF Institute.

National Immigration Law Center

www.nilc.org/immspbs/eic/index.htm

ASSET-BUILDING INFORMATION

FINANCIAL LITERACY

Federal Trade Commission

www.ftc.gov

National Consumer Law Center

“Guide to Consumer Rights for Immigrants”

www.consumerlaw.org/publications/guides/immigrant_consumer_rights.shtml

Federal Deposit Insurance Corporation

Information and order form for the “Money Smart” Financial Literacy Curriculum

www.fdic.gov

National Center for Family Literacy
www.familit.org

National Endowment for Financial Education
www.nefe.org

Woodstock Institute
www.woodstockinst.org

CREDIT CLEANUP

Consumer Credit Counseling Service
www.cccsintl.org

National Foundation for Credit Counseling
nfcc.org

“Get Checking” Program
University of Wisconsin Extension, Milwaukee
County and Consumer Credit Counseling Service
Kim.terry@ces.uwex.edu

“Fresh Start” Program
Louisville Urban League and Consumer Credit
Counseling Service
Phone: (502) 458-8840, extension 222

INDIVIDUAL DEVELOPMENT ACCOUNTS

Corporation for Enterprise Development
www.cfed.org

IDAnetwork Site
www.idanetwork.org

United Way of America
Curt Johnson, Director of Community Building
Curt.Johnson@uwa.unitedway.org

UNBANKED AND FINANCIAL SERVICES FOR WORKING FAMILIES

“Money in the Bank: The Extra Credit Savings
Program: How Federal Tax Refunds and Credits
Help Households Become Bank Users.” A case
study by Shorebank and the Center for Law and
Human Services.
www.centerforlaw.org/pdfs/Money_in_the_bank.pdf

National Credit Union Foundation
www.cuna.org/data/cu/cuna/foundation/press_releases.html

Community Developments, Fall 2000.
The OCC’s community affairs newsletter (The
Comptroller of the Currency/Administrator of
National Banks)
www.occ.treas.gov/cdd/Fall2000.pdf

Capital Connections: Linking Financial
Institutions and Communities, Vol. 3, No. 2
The Federal Reserve System
www.federalreserve.gov/dcca/newsletter/

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Alan Berube, The Brookings Institution
aberube@brookings.edu

Donna Klein, Corporate Voices for Working
Families
dklein@cvworkingfamilies.org

Joan Crigger, U.S. Conference of Mayors
jcrigger@usmayors.org



The National
Tax Assistance
For Working
Families Campaign

BUILD YOUR FUTURE WITH THE
EITC AND OTHER TAX CREDITS

FOR MORE INFORMATION, VISIT WWW.EITC.INFO