



Strengthening Families & Communities

EARNED INCOME TAX CREDITS HELP

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Gladys was financially overwhelmed providing for herself and her son. Clothes for school or work and medicines or trips to the doctor were luxuries seldom affordable. But after a visit to a local Tax Clinic, Gladys discovered she qualified for over \$10,000 in total Earned Income Tax Credit (EITC) refunds for the current year and the past three years. A volunteer team helped her plan how to save and build her new wealth. She and her son took a long-dreamed-of vacation and started a savings plan that will allow her to go back to school and eventually move her family out of low-income housing.

Financial issues facing low-income families are the focus of Casey Family Services' broadening effort to attack a core stressor adversely affecting children and their parents – loss of hope in a better future. Too often children suffer as a result of the increasing economic and emotional strains.

Owning a home and having enough money not only to meet regular bills, but also to pay for children's college and save for retirement are not achievable goals for too many American families. The Earned Income Tax Credit has become a proven, effective route to family self-sufficiency and asset-accumulation.

The EITC already has lifted nearly 5 million families out of poverty, serving as a significant source of income for the nation's low-income families. It increases the earnings of over 18 million working families by tens of billions of dollars each year. Despite this, an estimated 40 percent of people who earn less than \$34,000 and who are eligible for the EITC fail to file and never get that financial boost. And those who do file often use up much of their refund paying tax preparation services to complete their returns. Families without bank accounts or financial strategies lose even more through "instant refund" interest rates as high as 800 percent and check cashing fees.

Casey Family Services, in conjunction with the Annie E. Casey Foundation's Making Connections Initiative and the National Tax Assistance for Working Families Campaign, is helping eligible families apply for the EITC. Last year nationwide EITC outreach campaigns generated \$51 million in tax refunds and tax preparation fee savings in just 14 cities. This year, Casey's expanded tax filing program goes a very important step farther: showing families how to make their tax refund dollars work to better their lives through effective asset-building strategies.

"It's been a lot of work," said Tammy Bond, Casey's Community Liaison and coordinator for the Franklin Asset Building Coalition, part of Casey's National Tax Assistance for Working Families Campaign. Local volunteers included tax preparers, greeters, "floaters" to answer questions, financial planning advisors, childcare and even Bosnian interpreters.

Casey Family Services is working with community resources to operate both urban and rural resource centers throughout the 2003 tax season. An aggressive publicity effort, centered on the slogan “Earn It. Keep It. Save It.”, utilizes radio spots, newspaper articles, flyers, networking and word of mouth to encourage families to take control of their financial lives. In addition, a pilot program operated by the Foundation’s Outreach Extensions has developed a multilingual EITC awareness campaign with five public television stations serving neighborhoods in Hartford, Seattle, Louisville, San Antonio and Indianapolis.

With electronic filing, families can get their full tax refunds – as much as \$4,000 – in as few as five days. Qualified families who failed to file for the EITC in previous years (up to seven) can receive even greater refunds by filing amended returns. The EITC can help families with immediate financial needs such as rent or car repairs. Structured savings plans (Individual Development Accounts or IDA’s) allow families to accumulate and grow their EITC refunds from year to year – making it possible to buy a home, start a business and enroll in college or technical school.

In Bridgeport and Hartford, Connecticut, Baltimore, Maryland, Portland, Maine, Lowell, Massachusetts, Franklin, New Hampshire, Providence, Rhode Island, and Chelsea, Vermont, Casey Family services has partnered with local organizations to train tax preparation volunteers to assist families throughout the tax preparation season. By the middle of March, for example, more than 1,500 returns had been filed across five sites in Providence. In Lowell, 165 people filed for refunds amounting to \$120,000. In Hartford, Casey has teamed with “Take Your Money Hartford” and the Boys and Girls Clubs to open a resource center for families at the Boys and Girls Club, and is assisting other organizations at a second center located in a local elementary school.

Hartford families who come to the centers are offered offer free tax preparation and electronic filing services by members of Volunteers for Income Tax Assistance (VITA). Community financial institutions support the project with free or low-cost checking, savings and investment programs that enable families to build new lives with their EITC refunds. Fleet Bank offers no-charge checking accounts. Co-Ops, Inc. is offering Individual Development Accounts (IDAs).

“By leveraging all of this together, the benefit can make a significant difference for families struggling to make ends meet,” says Bill Chasse, Hartford Division Team Leader and Project Manager for the Hartford EITC campaign. He hopes to expand this financial literacy outreach to include GED and reading literacy tutoring, childcare and other services. Hartford Mayor Eddie Perez, who attended the first tax preparation session at the Maria

Sanchez Elementary School, describes the EITC, banking and homeownership programs as “doors to economic and social opportunities.”

“Many hard-working, employed, Low-income families lack a connection to the American Dream. This (program) can provide that connection and get out information that is user-friendly, educational and supportive.”