Welfare Peer Technical Assistance Network

The Earned Income Tax Credit (EITC)

Supporting the Working Poor in Creating Long-Term Self-Sufficiency

Winter 2005

Background

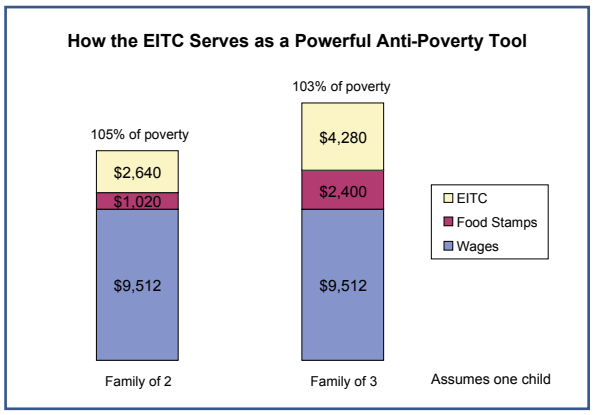
Despite large numbers of welfare recipients entering the workforce, many cannot make ends meet on their earnings alone. Basic necessities such as food, clothing, rent, health and day care costs strain working families whose incomes often fall below the poverty line.[1] The Earned Income Tax Credit (EITC), however, has been instrumental in closing the poverty gap for the nation's working poor. Enacted by Congress in 1975, the Federal EITC is a refundable tax credit that increases the income of low- and moderate-income working families by providing tax reductions and cash supplements. The primary purpose of the EITC is to help employed low-income workers maintain their independence from the welfare system by reducing taxes, supplementing wages and making work more attractive than welfare.

Widely praised for its success in supporting work and reducing poverty, the EITC has grown to be one of the most successful provisions of U.S. domestic policy. In fact, several expansions in the late 1980's and early 1990's turned the EITC into the largest Federal aid program targeted to the working poor. Estimates for 2004 show that the EITC provides some $38 billion worth of assistance to approximately 22 million low-income working families. Research also indicates that the EITC is credited for lifting millions of children out of poverty and has helped close the poverty gap for single parents that are working.[2] Research also indicates that the EITC directly increased the proportion of single parents who are working.[3]

Income and family size determine the amount of the EITC. For example, a family of four with two children and a full-time, year-round worker earning about $7 per hour has wages after payroll taxes of about $13,600 per year, several thousand dollars below the poverty line. Such a family in 2004 qualifies for a federal EITC of $4,300 and a small federal child tax credit of $395, bringing its income close to the poverty line. In the 2004 tax year, individuals:

- without qualifying children must earn less than $11,490 ($12,490 if married filing jointly);
- with one child must earn less than $30,338 ($31,338 if married filing jointly);
- with more than one child must earn less than $34,458 ($35,458 if married filing jointly).[4]

The graph below illustrates the impact the Federal EITC can have on family income.



In addition to relieving the tax burden on low-income workers, the EITC benefits community organizations, employers, government entities, and state or local economies. For non-profit organizations and advocates serving working families and their children, EITC is a tool that can be further leveraged to help low-income families

Welfare Peer Technical Assistance Network is an ACF/OFA project of the U.S. Department of Health and Human Services and is jointly operated by Rivera, Sierra & Company and Caliber Associates, Inc. Please contact Project Director José Rivera, J.D., at 301-881-4700 or Deputy Project Director Jeanette Hercik, Ph.D., at 703-219-4307. Visit us online at http://peerta.acf.hhs.gov.

build wealth through establishing saving accounts, paying debt and increasing financial stability. Employers find that eligible employees use EITC to cover costs, such as childcare and transportation, which frequently serve as barriers to employee retention and productivity. Furthermore, employers who promote the Advanced Earned Income Tax Credit (AEITC) discover that the immediate increase in the amount of take home pay for workers serves as an effective recruiting and retention tool.[5] Finally, the EITC boosts state and local economies as tax credit proceeds flow directly from the pockets of low-income workers to the local communities where they live.[6] Elected officials at the city, county and state level also realize that 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 detailed information about EITC, eligibility requirements, forms and frequently asked questions, visit the Internal Revenue Service at www.irs.gov/eitc.

The Federal Perspective

As described above, the EITC is a powerful source of support for TANF and other low-income working families struggling to achieve and maintain self-sufficiency. As a refundable tax credit, the EITC reimburses low-income workers the total value of the credit even when that total value exceeds the amount of tax due. For instance, if a family owed $400 in taxes but was eligible for an EITC of $3500, the entire benefit would be paid, with a net monetary gain to the family of $3100.

Recognizing the importance of such a support, the Federal government has renewed its commitment to promoting use of the EITC. In 2001, Congress passed new legislation to simplify access and increase benefits to low-income, EITC-eligible tax filers. The first tax returns impacted by this new legislation were those filed in 2003. These changes make the EITC more responsive to the needs of families, and remove some undue administrative barriers that might have prevented families from claiming the EITC. Briefly, these changes:

- **Increase benefits for married couples** to more closely approximate those of single filers.
- **Reduce residency requirement for foster children to six months** to support relative and other foster care providers who often do not house the children in their care for an entire year.
- **Establish priority for claims filed by custodial parents.** In households where more than one eligible adult (parent, grandparent) reside with a qualifying child, former rules dictated that EITC eligibility attach to the adult with the highest income. The new rules afford priority to a claim made by a custodial parent. If a custodial parent chooses not to claim the credit, however, another resident adult with qualifying income may do so.
- **Simplify definition of "earned income"** by removing non-taxable income from the eligibility calculation. This change not only simplifies the process, but is actually more responsive to the realities of the most common EITC-eligible filer who is likely to have income primarily earned through work and limited, if any, non-taxable income.
- **Redefine Adjusted Gross Income (AGI) eligibility standards.** Previous EITC eligibility rules required filers to make complicated modifications to their AGI, including limits on claimable business losses and some non-taxable income. The new rules simplify the process by basing eligibility on standard AGI definitions.

More information about recent changes and the Federal EITC perspective is available in "Earned Income Tax Credit" an IRS publication downloadable from http://www.irs.gov/pub/irs-pdf/p596.pdf.

While the exact percentage of eligible families who claim the EITC is not known, both the IRS and the President's Council of Economic Advisors use 80% as a solid estimate. The Office of Family Assistance—part of the Department of Health and Human Services' (HHS) Administration for Children and Families (ACF)—is providing technical assistance to States and counties around the importance of promoting EITC use among low-income families. Reports from two such TA interventions are available from the Welfare Peer Technical Assistance Network Web site at http://peerta.acf.hhs.gov.

The State Perspective

Federal partners in social service design and delivery are not the only government stakeholders with a vested interest in promoting the use of EITC. States and localities are also committed to the power of this program as a ladder to self-sufficiency.

As of early 2004, eighteen States (and two local administrations) were operating State-specific EITC programs based on the Federal model. In thirteen of those States, the tax credit is refundable, like the Federal EITC (CO, DC, IL, IN, KS, MA, MO, MN, NJ, NY, OK, VT, WI). In the remaining five States (IA, ME,

OR, RI, VA), the credit is non-refundable, meaning families cannot receive additional money after their tax liability is completely offset. These States generally base their EITC benefit on a percentage of the Federal credit amount.

State EITC programs offer many of the same benefits as their Federal counterparts, including reducing poverty—especially for children—supporting welfare clients in maintaining work, balancing out the tax burden borne by low-income families, and supporting welfare leavers working in low-income jobs to remain self-sufficient and avoid a return to the TANF caseload.

More information on the benefits of State EITC as well as guidance for designing such a program are available from the Center for Budget and Policy Priorities publication A Hand Up: How State Earned Income Tax Credits Help Working Families Escape Poverty in 2003. CBPP also offers guidance on estimating the cost of a State EITC in a publication entitled How Much Would a State EITC Cost? Both are downloadable from www.cbpp.org.

Lessons Learned in Linking Low-Income Families to the EITC

The economic benefits of the EITC have spurred a number of local and national campaigns and outreach efforts that encourage eligible families to file for the tax credit. The EITC, however, is not fully benefiting low-income workers for a number of reasons. First, an estimated 20 percent of eligible workers fail to claim EITC.[7] Second, the fees and costs associated with filing taxes, converting tax refunds and accessing tax credits are diminishing the impact EITC has on families. Finally, "unbanked" families who qualify for EITC are not typically able to use this cash supplement to save or improve their financial future while those with bank accounts may need additional incentives to save or invest tax refunds.[8]

Fortunately, these issues are being addressed through innovative EITC initiatives led by local and national organizations, community groups, government agencies and municipal leaders who have collaborated to leverage the tax code and the EITC to benefit the working poor. (See next section for descriptions of model EITC initiatives.) The loss of potential Federal and State revenue due to unclaimed EITC by qualified families is a compelling reason for elected and government officials to become involved in existing or emerging EITC campaigns. Historically, the emphasis of EITC campaigns and outreach efforts has been on education and outreach efforts. Recently, some campaigns have expanded their outreach to include free tax preparation services through the Internal Revenue Services' Volunteer Income Tax Assistance (VITA) program,[9] or by developing alternative tax preparation services targeted for poor, working families. Other EITC campaigns have linked asset building and services to outreach and tax preparation activities. States and localities that have launched EITC campaigns bring invaluable lessons learned regarding campaign planning, marketing and outreach efforts, affordable tax preparation and asset building opportunities. This wisdom informs best practices in creating successful EITC initiatives that promote financial access and self-sufficiency for low-income families.

In response to a growing interest in improving EITC outreach and access, the Welfare Peer TA Network planned, designed, and implemented Roundtable events in Louisiana and West Virginia. Approximately 80 individuals representing a wide variety of Federal, State, and local agencies and organizations attended the Roundtables. The events were designed to impart knowledge about the EITC, foster peer-to-peer learning, highlight best practices on EITC outreach and free tax preparation from around the country, provide helpful tools for launching an EITC campaign, and facilitate the development of local and regional action plans for immediate implementation.

The events focused on discussions about the EITC in general, EITC eligibility, filing taxes, best practices on EITC outreach and free tax preparation from around the country, helpful tips and tools for launching an EITC outreach initiative, and developing local action plans for EITC and volunteer tax preparation initiatives.

As a result of the Roundtables, participants gained:

- An increased appreciation for the EITC and the impact it can have on the economy of local communities;
- An increased awareness of the tools that are currently available to assist in EITC outreach and volunteer tax preparation, such as toolkits and outreach materials;
- A chance to learn and use Taxwise, the tax preparation software of the IRS;
- An increased recognition of the importance of financial literacy and the tools that are currently available to support the advancement of financial literacy;
- Examples from model programs, EITC initiatives, and volunteer tax preparation initiatives currently occurring around the country, and;

- The opportunity to collaborate with local stakeholders and formulate local action plans for each of the eight regions in Louisiana.

Welfare Peer TA continues to be involved in the design and delivery of technical assistance on the Earned Income Tax Credit.

Planning EITC Campaign and Outreach Efforts

Traditional EITC campaigns have primarily involved marketing and outreach efforts targeted to the working poor. This focus, however, does not address the loss of significant resources experienced by low-income families who pay transaction costs to file taxes and convert their refund into cash. Additionally, traditional EITC campaigns have not incorporated asset-building opportunities available to low-income families that enable them to leverage their EITC refund. As a result, EITC campaigns have evolved to include critical information that not only increases awareness of the EITC but also helps low-income workers maximize the tax credit. In the planning stages, EITC campaigns must outline their goals and consider the pros and cons of providing different types of assistance. Planning points to consider:

- **Planning should involve research:** EITC campaigns should not select a design before determining how low-income, working families interact with the tax code and asset-building activities in their communities. The local IRS Territory Manager can assist with questions such as where do families file their taxes? What is the supply of tax preparation services and how much do they cost? Are there other existing tax outreach, free tax preparation services or wealth building opportunities?

- **Consult other EITC Campaigns and Networks:** EITC campaigns should consider conducting peer site visits to successful EITC campaign sites to assess what has worked or not worked in other geographic areas with similar populations.

- **Convene potential campaign members or supporters:** Emerging EITC campaigns often begin by meeting with community representatives, potential campaign participants and the funding community to convey research findings and determine local interest in beginning or expanding an EITC initiative.

In **New Orleans, Louisiana,** an organization with data mapping capacity volunteered to develop maps of the target neighborhood. They identified income concentration, VITA site locations, locations of financial institutions, check cashing institutions, and commercial tax preparation agencies. The maps were presented at a community meeting to discuss interest in mounting an EITC campaign and to determine the best location for outreach and affordable tax services. Campaign members also leveraged partnerships whereby one member representing the Federal Reserve Bank volunteered to approach financial institutions to determine their interest in their emerging EITC campaign. One financial institution responded by offering “unbanked” taxpayers the ability to open savings accounts at two free tax preparation sites.

In **Chicago, Illinois,** the Center for Economic Progress operates the city’s 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 (e.g., detailed manuals, work plans, survey instruments) in prior years to assist in future planning.

EITC outreach packages complete with EITC payroll stuffers, Q&A’s, brochures and posters are available in English and Spanish through your local Internal Revenue Service Territory Manager’s office. IRS Territory Managers are also available to organizations and States interested in planning and implementing an EITC outreach program or Volunteer Income Tax Assistance sites (VITA). A comprehensive list of local IRS Territory Managers can be found at http://www.cbpp.org/eic2003/index.html.

Implementing EITC Marketing and Outreach Efforts

Finding the right balance between outreach activities and campaign operations is a difficult task. Focusing too much on outreach and marketing can strain the operations of an EITC campaign if the supply of services cannot meet the demand generated by the target population. Alternatively, many EITC campaigns have found tax preparation sites idle by not focusing sufficiently on marketing and outreach efforts. Conducting appropriate marketing and outreach activities is the key to any successful EITC initiative. Local EITC campaigns, however, can benefit from a variety of national outreach materials and toolkits. An excellent marketing and outreach toolkit is the Center on Budget and Policy Priorities’ “EITC Outreach Toolkit” at www.cbpp.org\eic2003\index.html. Available in several languages, the EITC Outreach Kit includes brochures, flyers, posters, fact sheets and practical tips to persons or organization interested in helping eligible families

learn about, gain access to, and benefit from the EITC. Interested organizations and groups may consider the following marketing and outreach strategies:

- **Know your audience:** Define the audience(s), where they live and work, and effective communications for each group. If working with an ethnically diverse community, consider conducting marketing and outreach efforts in multiple languages via multiple vehicles.
- **Recruit a "VIP Champion:"** Many EITC campaigns recruit willing spokespersons in current and former Governors, Mayors, city council members, and other elected officials who can play a VIP role in press conferences and other promotional events.
- **Seek in-kind support:** Identify institutions and organizations that interact with the targeted population and ask them to support outreach activities (e.g., churches, employers, schools, public housing associations, food banks, child care centers, government agencies). Approach advertising agencies, media or commercial businesses for in-kind support. Reach out to formal and informal community leaders and enlist their active participation in marketing and outreach efforts.
- **Build on what works:** Implement marketing vehicles that have demonstrated success with the target population. Recognize that different ethnic groups and income brackets may require different outreach strategies.

In **Baltimore, Maryland,** outreach efforts build 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 involved a network of community service providers. Local outreach efforts included a front line staff of city workforce agencies to inform them about their campaign and EITC mailings to over 500 area soup kitchens, emergency shelters and other transitional housing programs.

Chicago, Illinois' EITC Outreach Initiative is a partnership between the Center for Economic Progress and the City of Chicago to promote use of the Earned Income Tax Credit and free tax preparation services. The EITC campaign reaches millions of people during each tax-filing season. The Initiative spreads the word through utility-bill and school report card inserts, employer outreach, public service messages, and community meetings. The Illinois Department of Human Services also collaborates with the Initiative to promote the EITC to families and individuals throughout Illinois.

In **Indianapolis, Indiana,** 14,000 flyers, printed in both English and Spanish, were distributed to taxpayers in three targeted areas of the city. Articles appeared in Hispanic and neighborhood newsletters and in two of Indianapolis' major newspapers. An IRS spokesman appeared several times on a call-in radio show targeting the Hispanic community to answer questions about the EITC. The Mayor of Indianapolis promoted the EITC in several speeches and emphasized the tax credits value to the working poor. Outreach efforts also highlighted money saved through free tax preparation and the availability of literacy information at those sites.

In **Louisville, Kentucky,** promotional television spots, billboards, newsletters, and brochures taped to Kentucky Fried Chicken boxes formed part of the marketing strategy for the 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, Serb-Croatian and Arabic. Three hundred signs were posted on buses and in bus shelters advertising the EITC and free tax assistance. Housing authority case managers also went door-to-door to talk to residents about the EITC and VITA.

Another viable option for low-income families to maximize their income is the Child Tax Credit (CTC). The CTC is a Federal tax credit, worth up to $600 per child, for families with dependent children under age 17 (in 2003, the CTC increased to $1,000). Most families that qualify for the Earned Income Tax Credit (EITC) are also eligible for the Child Tax Credit. EITC outreach efforts can play a critical role in notifying eligible workers about the combined benefits of EITC and CTC and ensuring that free tax filing assistance is available to taxpayers who may need help with understanding eligibility and filing rules for the two tax credits. For more information about the Child Tax Credit, visit www.irs.gov or access Center on Budget and Policy Priorities' "Facts about the Child Tax Credit" at http://www.cbpp.org/eic2003/factsctc-2003.pdf.

Affordable Tax Preparation Services

Many EITC campaigns include free or low cost tax preparation services. Before including this service, EITC campaigns should first consider every option for expanding affordable tax preparation service. Options include, but are not limited to: 1) Partnering with the IRS to establish or expand free VITA sites 2) Establishing free or expanding affordable tax preparation sites with IRS support 3) Negotiating with private accountants to offer affordable tax preparation 4) Working with employers to offer tax preparation services at the

worksite and 5) Offering door-to-door or mobile tax preparation. The method of tax preparation chosen should depend on the proposed scale and saturation of the EITC campaign. Offering tax preparation services can be time consuming as it begins with understanding the tax code, assessing the tax audience, recruiting staff or volunteers, providing quality tax preparation training and organizing the tax preparation site location. Other considerations include:

- **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.

- **Staff VITA or affordable tax preparation sites with highly trained tax preparers:** If working in communities with ethnic groups and immigrants, attempt to find tax preparers who speak the language of the target population. Recognize that IRS staffers are auditors and accountants, not trainers or adult educators. Provide repeat trainings, if necessary, and recruit more volunteers than required in anticipation of dropouts. Also, consider recruiting volunteers from certified public accountant (CPA) associations, retired CPAs and service sororities or fraternities.

- **Consider the costs and benefits of utilizing volunteer vs. 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, tax software, training and operations.

In 2005, the IRS announced a new Web-based tool to help working families determine if they are eligible for the EITC. The EITC Assistant reflects all the tax law changes, including new income limits for eligibility as well as the optional use of nontaxable combat pay for use in refund calculations. The EITC Assistant is also available in English and Spanish on IRS.gov. In addition, the EITC Assistant can be used by individuals, tax practitioners, employers, community and public service organizations and IRS partners.[10]

EITC Carolinas is a new resource network for community coalitions and organizations in North and South Carolina that assist low- and moderate-income working families to reclaim and keep their earnings through free tax preparation and tax credits such as the Earned Income Tax Credit and the Child Tax Credit. The network works to give greater visibility and support to the efforts of local community organizations and to publicize the availability of the EITC to eligible families. Due to the generous support of the Annie E. Casey Foundation, membership in the network is free to community groups.[11]

CityFirst Bank in **Washington, DC** asked a respected local accountant serving the Hispanic community to provide affordable tax preparation services during bank 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 referred them to CityFirst's experimental "rapid refund loan" product, provided at a simplified interest rate.

To establish a VITA site or a free tax preparation service, a comprehensive list of local IRS Territory Managers can be found at www.irs.gov/eitc.

Expanding Asset-Building Opportunities

An important element of EITC campaigns is connecting low-income workers to opportunities that use their tax credit to build assets and, ultimately, wealth. Examples of asset-building opportunities include financial literacy training, debt reduction counseling, credit repair, homeownership counseling, and Individual Development Account (IDA) programs.[12] Although all eligible EITC taxpayers are potential targets for asset building opportunities, EITC campaigns must be realistic in terms of taxpayer interest in these services. The priority for most taxpayers is quality tax preparation and rapid refunds. Although many low-income workers have used their refunds to open bank accounts, initiate IDA accounts, or make down payments on homes, the majority of taxpayers do not take advantage of asset-building opportunities offered through tax preparation sites. Lessons learned about asset-building opportunities include:

- **Promote on site products and services over referrals:** If asset building services are offered at tax preparation sites, immediately offer products and services or enroll customers in asset-building opportunities. Offering information, sign-up sheets and referrals to different asset-building programs is not as effective as providing onsite products and services.

- **Locate VITA or tax assistance sites in asset-building institutions:** Some EITC campaigns operate VITA sites in banks and credit unions, or in nonprofits that manage homeownership, IDA or financial literacy programs.

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

In **Louisville, Kentucky,** as part of the 2002 Louisville EITC Campaign, banks sent representatives to VITA sites to open checking and savings accounts for direct deposit of tax refunds. Combined homeownership-financial literacy classes were offered at VITA sites and instructors referred people to other asset-building opportunities such as IDAs. At the same time, IDA clients were being referred to VITA sites for tax help. Taxpayers at VITA sites who were flagged by "chex system" for banking and credit problems were referred to Fresh Start, a local program providing financial literacy education and credit repair services. Once individuals cleared their credit problems, they could establish bank accounts in participating financial institutions.

In **Chicago, Illinois,** the Center for Economic Progress and Shorebank collaborated on developing the "Extra Credit Savings Program". This program established a VITA site in the lobby of a Shorebank branch located in a low-income neighborhood. Shorebank staff interviewed customers before their taxes were prepared 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 rate as regular savings accounts. Participants in the program could receive an ATM card that could be used with fees at any ATM in the Shorebank network.

For more information about EITC campaigns offering asset-building opportunities, visit the Center for Economic Progress at www.centerforprogress.org and the Center for Budget and Policy Priorities at www.cbpp.org.

For information on local Individual Development Programs, visit the Corporation for Enterprise Development at www.cfed.org and for a list of local credit unions involved in asset-building activities for low-income families, visit the National Credit Union Foundation at www.cuna.org.

Conclusion

The EITC has powerful antipoverty effects and is a vital adjunct to welfare reform. The money a poor working family receives via the tax credit can bring their total income above the poverty level. The EITC has also helped many TANF recipients escape welfare dependency and achieve self-sufficiency through paid employment. As welfare caseloads decline and a commitment to move TANF recipients into the low-wage labor market remains steady, the EITC makes work pay for low-income families struggling to raise their children out of poverty.

Endnotes

[1] Studies show that TANF recipients who find jobs typically earn $8,000–$12,000 per year, well below the poverty line for a family of three. Johnson, N., Llobrera, J., and Zahradnik, B. (2003) "A hand up: How State earned income tax credits help working families escape poverty in 2003." http://www.cbpp.org/3-3-03sfp.htm.

[2] IRS Newswire: New EITC Tool Helps Taxpayers Determine Eligibility. http://www.mail-archive.com/irs-newswire@lists.qai.irs.gov/msg00195.html

[3] According to the National Bureau of Economic Research, the percentage of single mothers who work rose from 73% in 1984 to approximately 82% in 1996, and that EITC expansions had a stronger effect in increasing workforce participation than welfare policy changes.

[4] IRS Newswire.

[5] AEITC allows employers to provide immediate EITC benefits by increasing the weekly take home pay of eligible employees. At no cost to employers, they add the advance payment to their worker's paycheck. The money for the payment comes from funds withheld for employment tax deposits, which is routinely deposited with the IRS.

[6] In 2002, more than $31 billion flowed in from the Earned Income Credit Program. An additional $6 billion was available but not claimed.

[7] Scholz, J.K (1994). "The earned income tax credit participation, compliance and anti-poverty effectiveness" National Tax Journal, 47(1), 59-81.

[8] 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.

[9] The Volunteer Income Tax Assistance (VITA) program is a free, IRS sponsored initiative to help low-income workers complete their tax forms. Most communities have several VITA sites, with fewer numbers in rural areas. VITA sites are located in a variety of community and public locations and are staffed by volunteers. The IRS and their Territory Managers can help individuals or groups locate or establish VITA sites.

[10] IRS Newswire.

[11] EITC Carolinas http://www.eitc-carolinas.org/.

[12] Individual Development Accounts (IDA) are "matched savings account" designed to reward the monthly savings of low-income working families by providing funds to match the deposits made by individual workers. Workers can multiply their savings with such accounts, which are designated to help purchase a home, pay for higher education or job training or build a small business.

Resources

The following are sources of information and technical assistance on EITC, campaign and outreach efforts, data, reports and analyses:

The Administration for Children and Families (ACF)

The Administration for Children and Families is the part of the Department of Health and Human Services responsible for "funding state, territory, local, and tribal organizations to provide family assistance (welfare), child support, child care, Head Start, child welfare, and other programs relating to children and families." Visit ACF online at www.acf.hhs.gov.

The Internal Revenue Service (IRS)

Visit the Internal Revenue Service at www.irs.gov/eitc for a wide variety of documents, services, and information about the EITC as well as a listing of IRS Territory Managers who can provide assistance with coordinating EITC outreach efforts and initiatives.

American Association of Retired Persons (AARP) Tax-Aide Program

In partnership with the Internal Revenue Service's Tax Counseling for the Elderly (TCE) program, the AARP Tax-Aide Program offers free tax filing assistance to low-income seniors. Approximately 10,000 AARP tax aide sites are located throughout the country in convenient locations such as senior centers, libraries and shopping malls. AARP Tax-Aide volunteers can also visit taxpayers in their homes. The AARP Tax-Aide program is available from February 1 – April 15th each year. For more information and to locate AARP's Tax-Aide sites, visit www.aarp.org/taxaide.

The National Community Tax Coalition (NCTC)

The National Community Tax Coalition (NCTC) provides technical assistance and downloadable tools to individuals and organizations interested in implementing EITC outreach and campaign efforts, developing and improving tax free preparation and linking tax preparation to asset building programs. Send technical assistance questions to jkruse@centerforprogress.org or visit NCTC at www.tax-coalition.org.

Annie E. Casey Foundation – National Tax Assistance for Working Families Campaign

The Annie E. Casey Foundation established the National Tax Assistance for Working Families Campaign whose goals are to build the capacity of local EITC campaigns and to increase national attention to the importance of EITC, free or low-cost tax preparation services and asset development for low-income working families. For valuable information on model EITC campaigns, toolkits and other resources, visit www.eitc.info.

The Urban Institute

The Urban Institute's Assessing the New Federalism (ANF) project offers a number of resources focused on the EITC. Online users can select a state, target specific levels of work effort, and experiment with states' TANF rules and sanction policies at http://www.urban.org.

The Joint Center for Poverty Research (JCPR)

The Joint Center for Poverty Research (JCPR) operates an EITC Clearinghouse that provide online publications, conference papers and research reports on a range of EITC issues such as EITC's policy history, its economic and employment impacts and how families use their EITC refunds. Visit the JCPR Clearinghouse at http://www.jcpr.org/eitcinfopage.html.

The Welfare Peer Technical Assistance Network

The Welfare Peer TA Network, funded by the Department of Health and Human Services' Administration for Children and Families, promotes cross-state learning and sharing of best practices in welfare reform. Peer TA provides peer-to-peer technical assistance to public agencies and private organizations implementing the Temporary Assistance to Needy Families (TANF) program. Visit Peer TA at http://peerta.acf.hhs.gov.