

The Administration for Children and Families' Circle:

**WELFARE PEER
TECHNICAL ASSISTANCE
MODERATED FORUM**

***Low Income Families and the Earned
Income Tax Credit***

Working Together for Successful Communities

Administration for Children and Families' Circle:

Working Toward Independence
President's Plan to Strengthen Welfare Reform



Working Together for Successful Communities

**10 REASONS WHY TANF IS THE RIGHT PLACE
TO TARGET AN EITC INITIATIVE**

- *Children qualify family for larger credit*
- *Nearly 100% of employed TANF clients eligible*
- *A portion of child only cases maybe eligible*
- *More than 60% do not know, or have not used EITC*
- *Less likely if Hispanic, Native American*

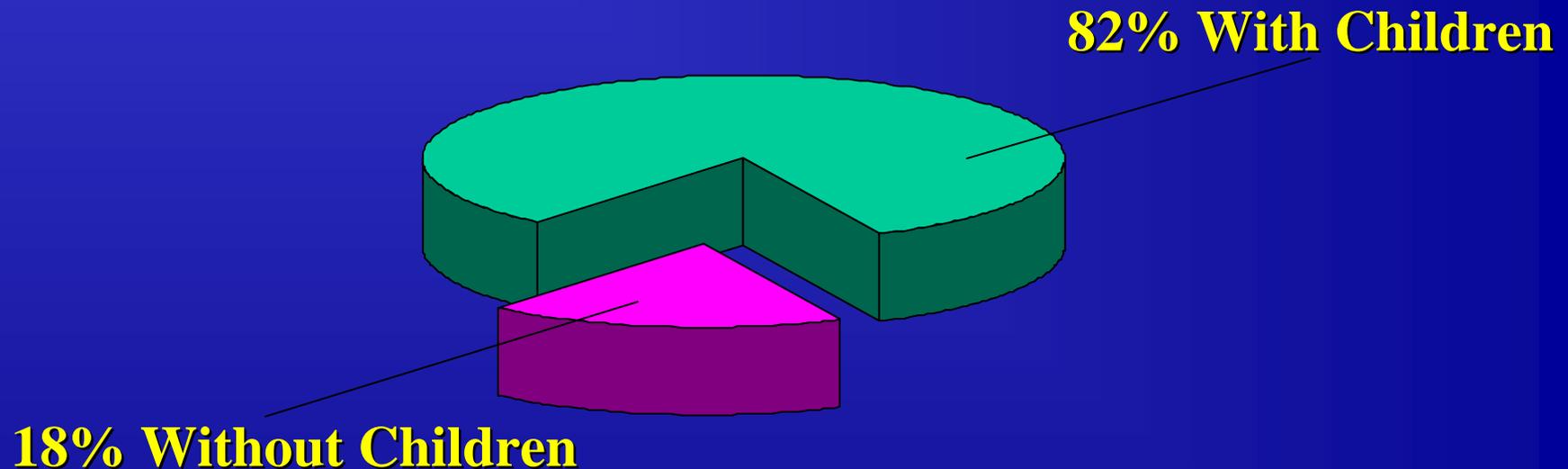
The Administration for Children and Families' Circle:

**10 REASONS WHY TANF IS THE RIGHT PLACE
TO TARGET AN EITC INITIATIVE, continued**

- *Less likely if HS dropout, low wage, or part time*
- *Many that earn low annualized wages do not file*
- *Many employed are still below poverty level*
- *Some may be able to amend previous returns (3yrs)*
- *TANF can generate millions for families*

The Administration for Children and Families' Circle:

**NATIONAL PARTICIPATING EITC
CLAIMS WITH QUALIFYING CHILDREN**



Most Have at least One Child

Working Together for Successful Communities

The Administration for Children and Families' Circle:

MICHIGAN

Maximum EITC Potential Using the Average Monthly Number of Employed FIA (TANF) Cases and Anticipated Annual Case Closings Due to Income

Number Employed[1]	Average EITC[2]	Work Hrs Per Week[3]	Annualized Wages	Maximum EIC Dollars[4]	Individuals[5]
8,000	\$3,268	32.3	\$10,077	\$26,144,000	20,000
3,700	\$3,128	30	\$9,360	\$11,573,600	9,250
2,800	\$2,818	25	\$7,800	\$7,890,400	7,000
1,323	\$2,310	20	\$6,240	\$3,056,130	3,307
1,323	\$1,731	15	\$4,680	\$2,290,113	3,307
1,323	\$1,157	10	\$3,120	\$1,530,711	3,307
1,323	\$583	5	\$1,560	\$771,309	3,307
19,792				\$53,256,263	49,478

[1] Based on data provided by the state of Michigan, fifth and sixth annual report to Congress and interviews with FIA officials in FY 2001

[2] Publication 596, 2002 Earned Income Credit table average for one child and two or more children

[3] \$6.00 per hour used as average wage

[4] Represents estimated maximum potential dollars available. Assuming a current uptake rate of 40%, \$31,934,964 remains unclaimed assuming all employed FIA (TANF) clients file even at low annualized wages levels

[5] Represents the number employed multiplied by the national average TANF family size of 2.5

Working Together for Successful Communities

The Administration for Children and Families' Circle:

VIRGINIA

Maximum EITC Potential Using the Average Monthly Number of Employed VIEW (TANF) Cases and Anticipated Annual Case Closings Due to Income

Number Employed [4]	Average EITC[1]	Work Hrs Per Week	Hourly Wage	Annualized Wages	Maximum EIC Dollars[2]	Individuals[3]
6,540	\$3,665	36	\$8.42	\$15,762	\$23,969,100	16,350
2,667	\$4,140	35	\$7.15	\$13,013	\$11,041,380	4,001
3,267	\$4,140	34	\$7.15	\$12,641	\$13,525,380	8,168
1,767	\$4,140	32	\$7.15	\$11,898	\$7,315,380	4,418
347	\$4,140	30	\$7.15	\$11,154	\$1,436,580	868
276	\$3,710	25	\$7.15	\$9,295	\$1,023,960	690
481	\$2,770	20	\$6.65	\$6,916	\$1,332,370	1,203
553	\$1,950	14	\$6.70	\$4,878	\$1,078,350	1,383
15,898	\$3,582	28	\$7.19	\$10,695	\$60,722,500	37,078

[1] Publication 596, 2002 Earned Income Credit table average for one child and two or more children

[2] Represents estimated maximum potential dollars available. Assuming a current uptake rate of 40%, \$36,433,500 remains unclaimed assuming all employed VIEW (TANF) clients file even at low annualized wages levels

[3] Represents the number employed multiplied by the national average TANF family size of 2.5

[4] This figure includes actual data for the first three quarters and a fourth quarter estimate.

Working Together for Successful Communities

**WHAT CAN TANF PROGRAMS DO TO
IMPROVE EITC OUTCOMES?**

- *Inform communities of potential assets*
- *Plan for 100% uptake goal for tax year 2004*
- *Implement a year long strategy*
- *Leverage program requirements and interactions*
- *Get them back in January with w-2's in hand*