



*Transforming the  
Delivery of Anti-  
Poverty Tax  
Credits in  
California*

**CRANKSTART**





## PRESENTERS

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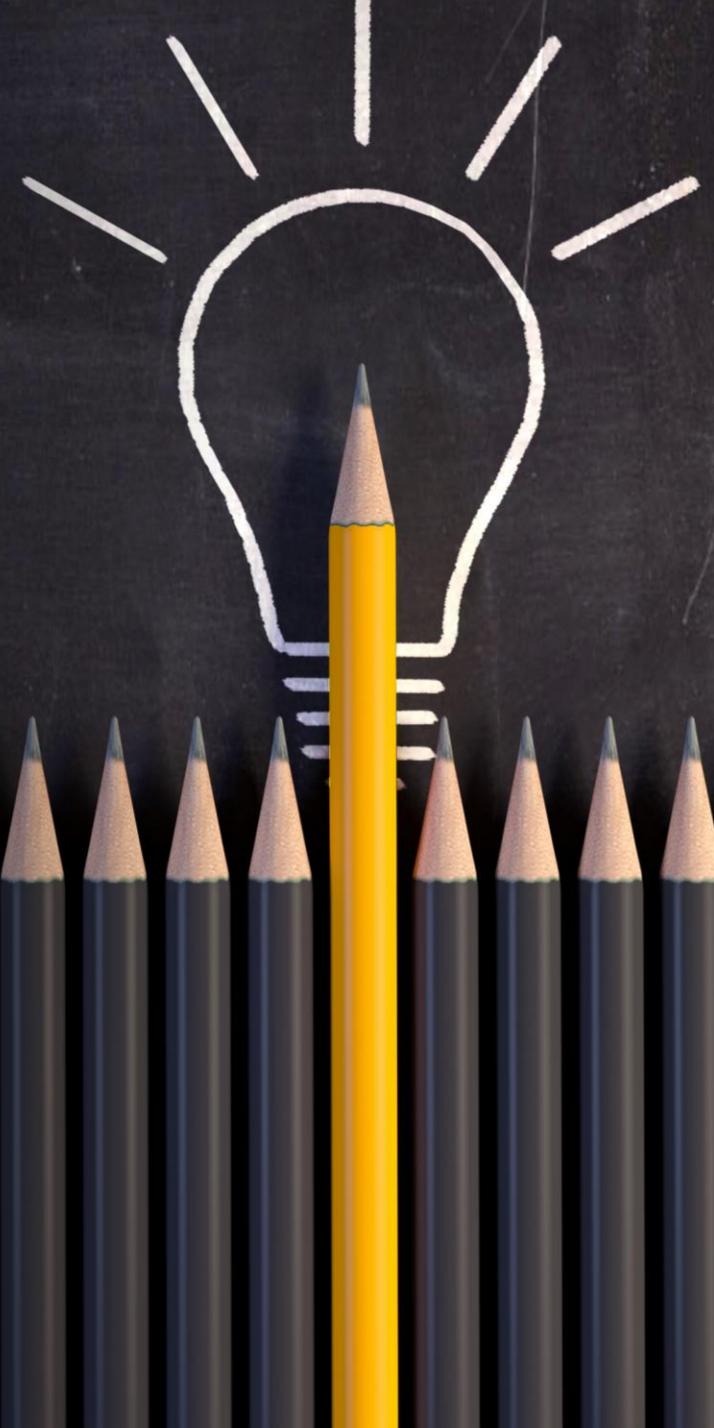
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# AGENDA

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- Background
- The Challenge
- The Solution
  - Matched administrative dataset
  - Outreach Strategies and Interventions
- Evaluating the Impact





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Before we get started...

A quick question about your tax filing experience to date....

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# Sign-in to Poll Everywhere

## Option 1: By Phone



## Option 2: Online

Respond at [PollEv.com/calfreshet529](https://PollEv.com/calfreshet529)



Take out your cell phone



Open your text message app and type **22333** in the "To" field



Enter **CALFRESHET529** in the body of your text message.

\*Note use a **\_** or a **~** to add a space between multiple word answers



# In One Word Describe Your Tax Filing Experience...

# Indicate Your Level of Education Attainment

Masters Degree or higher

Bachelor Degree

Associate Degree

High school graduate

Less than a high school graduate

# A snapshot of California TANF (CalWORKs) recipients

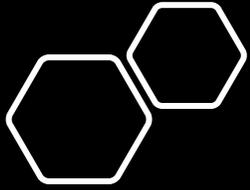
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In Federal Fiscal Year (FFY) 2020:

- 38.3% of CalWORKs Heads of Household were high school graduates
- 1.4% had an Associates Degree
- 0.9% had a Bachelors Degree
- 0.1% had a Masters Degree or higher

Source: TANF RADEP sample FFY 2020 (excludes Safety Net, Fleeing Felon, Long-Term Sanctioned cases)





# Background: Unprecedented need meets unprecedented investment

## Extraordinary Need

- COVID-19 resulted in the highest unemployment rates (near 15%) represent worst since Great Depression.
- Millions of families faced with unimaginable financial hardship resulting in food insecurity, and depletion of savings

## Unparalleled Investment

- The CARES provided 168.2 million Economic Impact Payments totaling \$280 billion dollars.
- The ARPA provided \$1.9 trillion, notably expanding the Child Tax Credit.

# The Challenge: Tax-filing activity among non-filers

Historically, individuals receiving public benefits do not claim the credits available to them

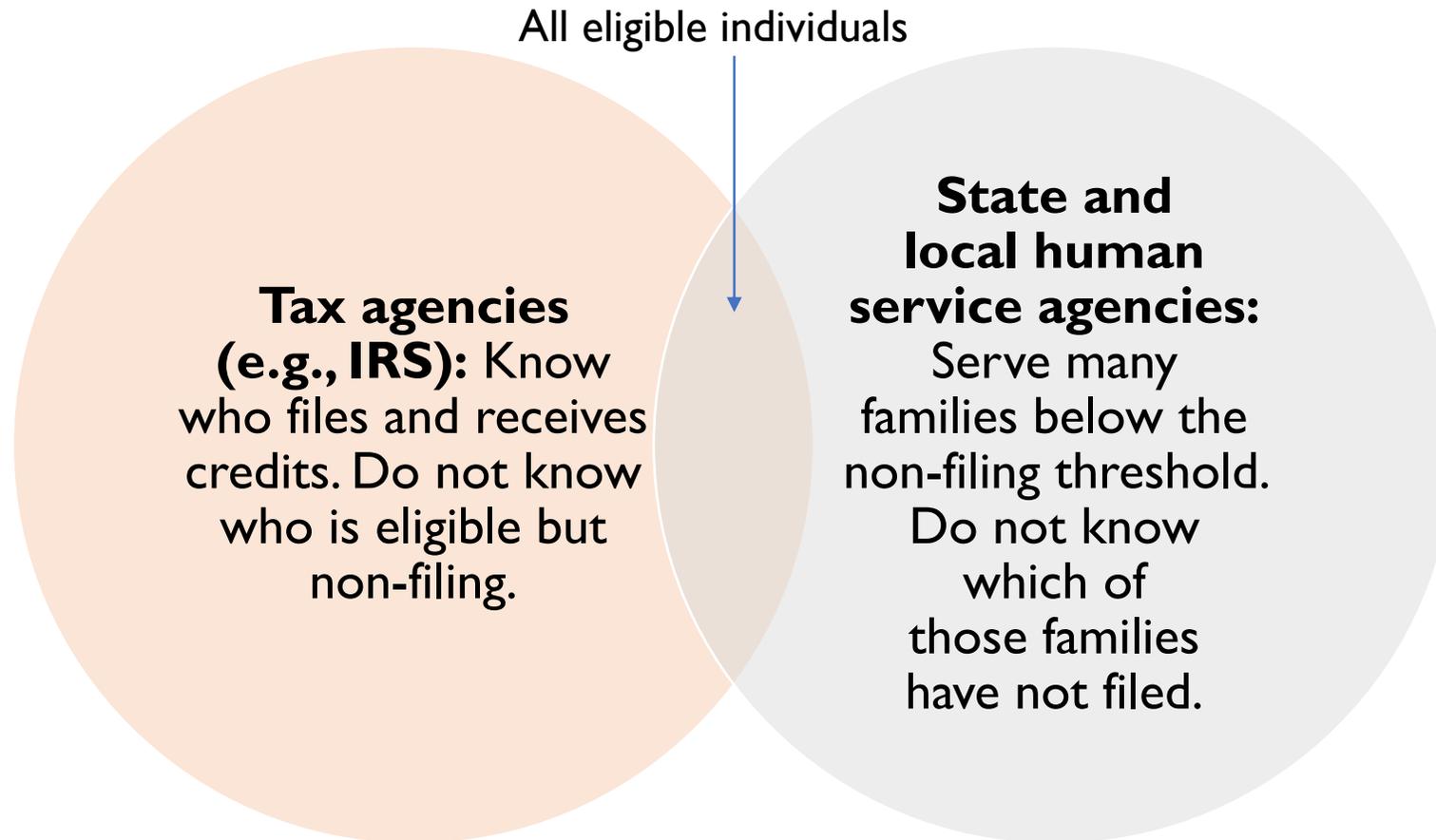
- Single adults making under \$12,400, single adults with children making under \$18,650 are not required by law to file taxes.
- Very low-income earners and single adults are most likely to miss out on anti-poverty tax credits.

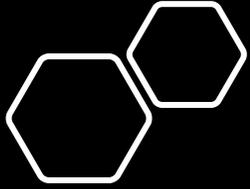
With COVID-19 relief, the uptake in tax credits is more critical

- Increasing number of credits delivered through the tax code: federal stimulus, expanded advanced Child Tax Credit, Golden State Stimulus
- First-time expansion of credits to families who have never benefited from anti-poverty tax credits:
  - Mixed-immigration households
  - Adults with no earnings
  - Adult dependents
  - Multi-generational families who cross-claimed dependents

# The Challenge: no one entity knows who non-filers are

Take-up:  $\frac{\text{Number of eligible non-filers}}{\text{All eligible individuals}}$





# The Solution: A data-driven approach

## Phase 1

Identify the problem

- Merge state tax filing with safety net data
- Identify which Californians do not appear on a return
- Understand the characteristics of the families at risk

## Phase 2

Use available resources to increase tax filing

- Simplified non-filer portal
- Additional phone and chat assistance
- Targeted outreach

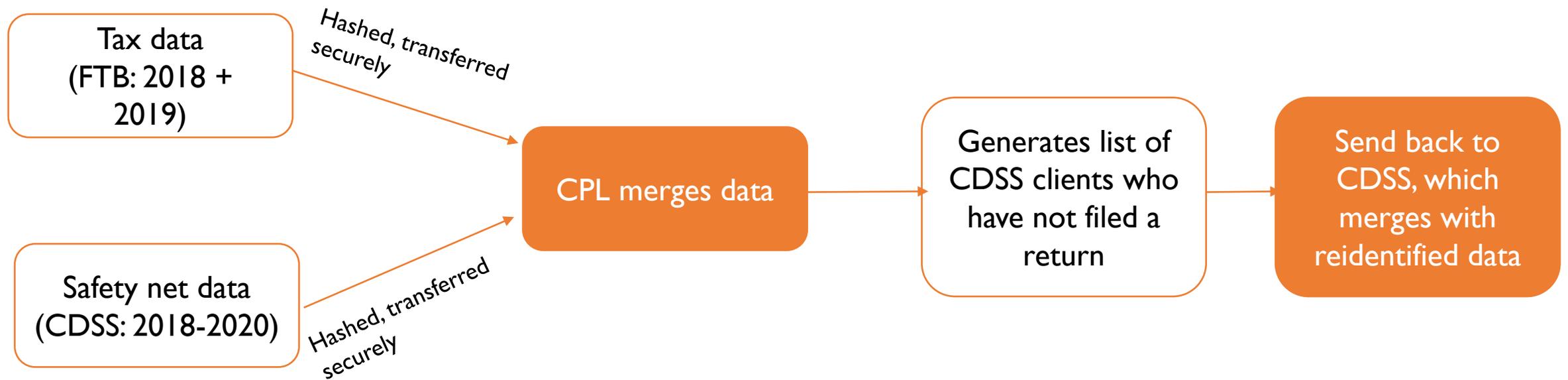
## Phase 3

Evaluate, learn, and repeat

- What worked?
- Use findings to adjust approach: what more is needed?
- Generate a new list for targeting higher-touch interventions

# Phase I: Identify the problem

- If two agencies do not want to share personally identified data (names, SSNs), they can **"hash" their data**
- Hashing is a one-way transformation of identifiers in the same way—so the receiving agency doesn't know but can link the data
- CPL has a DUA signed with both FTB and CDSS—CDSS/FTB do not need to sign anything with each other



# Most matches are exact

<b>ROUND OF MATCHING</b>	<b>NUMBER OF MATCHES</b>	<b>% OF ALL MATCHES</b>
Perfect match on SSN, FN, LN, and DOB	1,660,628	28
Perfect match on SSN + 2/3: FN, LN, or DOB	830,677	14
Perfect match on FN, LN, DOB + fuzzy match on SSN	3,488	<1
Perfect match on SSN + perfect match on FN, LN, or DOB	3,426,514	58
Perfect match on FN, LN, or DOB. Fuzzy match on SSN and DOB	1,026	<1
Perfect match on LN & DOB. Fuzzy match on SSN and FN	687	<1
Perfect match on FN & DOB. Fuzzy match on SSN and LN	452	<1
Perfect match on FN, LN, and DOB	32,992	<1
<b>Total number of CDSS enrollees that:</b>	<b>NUMBER OF OBSERVATIONS</b>	<b>% OF TOTAL</b>
Appear on a TY 2018 or TY 2019 state return	5,956,464	65
Do not appear on a TY 2018 or TY 2019 state return	3,196,092	35
<b>Total CDSS observations</b>	<b>9,152,556</b>	<b>100.00</b>

Source: California Department of Social Services data (2019–20) and Franchise Tax Board data (TY 2018 and 2019).

Notes: SSN = Social Security Number, FN = First Name, LN = Last Name, DOB = Date of Birth. Totals may not add up to 100% due to rounding.

# Some cases do not always translate to tax filing units

Assistance Unit



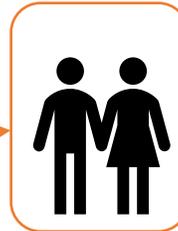
Tax Unit



Assistance Unit



Tax Units



Simple case where adult is:

- A parent or legal guardian
- Resides at least 6 months with child

More complex case where several adults live in household:

- Who claims child?
- Who files alone?
- Grandparents receive Social Security
- Parent receives disability—and has never had reason to file

To figure out who files a return together, we develop a series of rules to pair adults and children

# 2.2 million Californians at risk of not receiving Economic Impact Payments



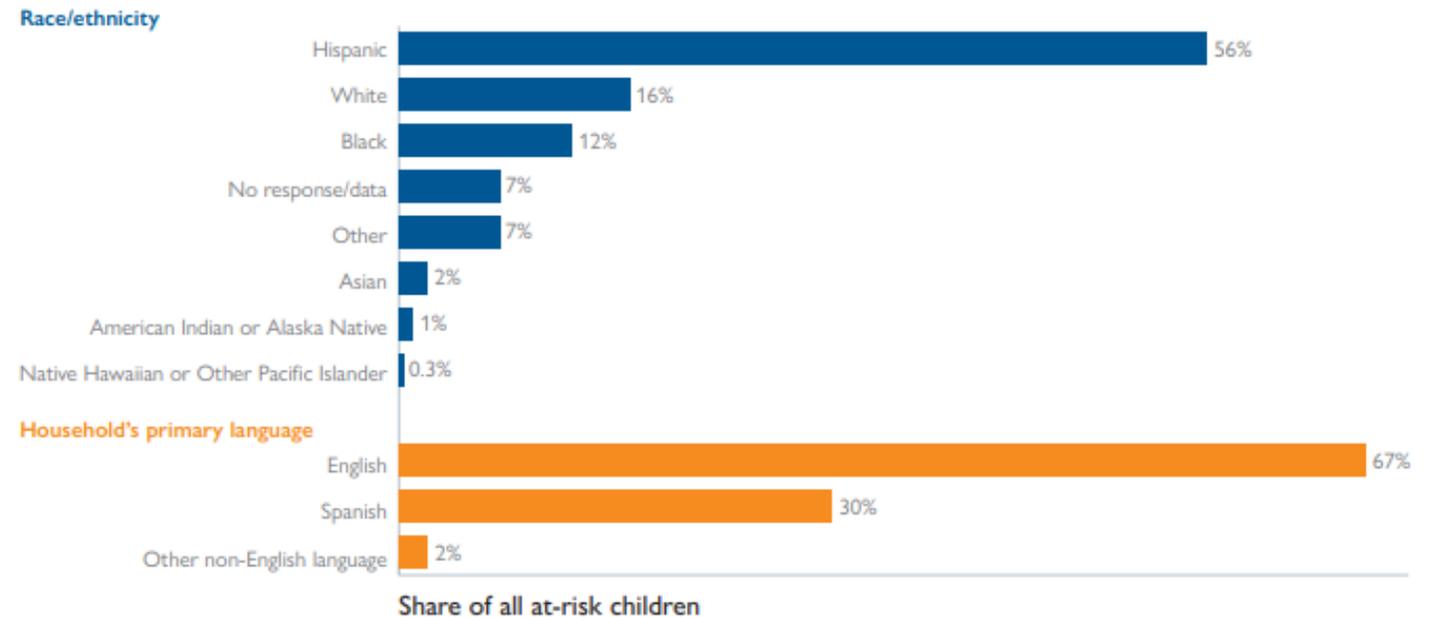
Source: Franchise Tax Board Tax Year 2018 and 2019 data (indicator of tax filing only), Medi-Cal Eligibility Data System files from February 2018 through July 2020.

Note: Due to rounding, percentages and numbers may not total.

- 65% of CDSS clients did not appear on a 2018 or 2019 tax return
- Most SNAP and TANF families did not have to take any additional action to receive EIPs (75%)
- Of the remaining 25%: most are single adults with little to no earnings

# Children at-risk of not receiving the Child Tax Credit

- Children identified as Hispanic in the data make up a majority of children at-risk
- One in three children at-risk live in a household whose primary language is Spanish

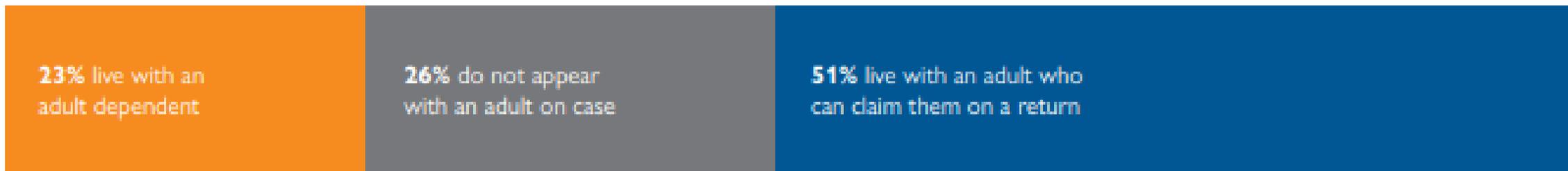


Notes. Sample size is 654,163.

Source: California Department of Social Services data (2019-20) and Franchise Tax Board data (TY 2019).



# Families at-risk of not receiving the Child Tax Credit



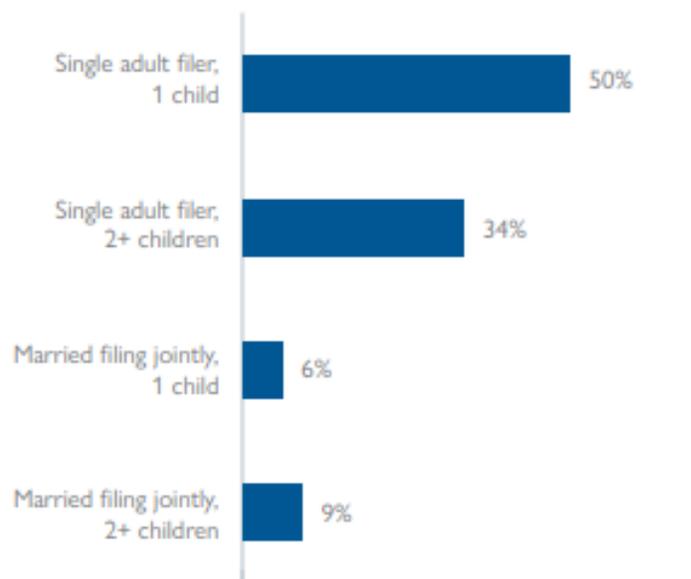
Notes: Sample size is 556,003.

Source: California Department of Social Services data (2019–20) and Franchise Tax Board data (TY 2019).

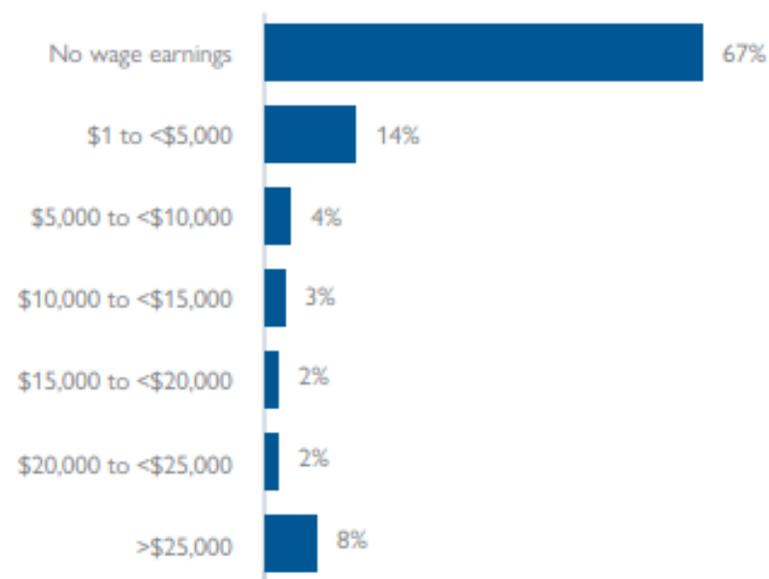
- Underscores the reality that today's non-filing families are the same families who had little reason to file prior to the pandemic
- Roughly half of families at risk are headed by an adult who can be claimed as a dependent on another return or by an adult who is ineligible for SNAP or TANF assistance

# Families at-risk of not receiving the Child Tax Credit

## By household composition



## By observed wage earnings



Notes: Sample size is 170,960 families. Totals may not add up to 100% due to rounding.

Source: California Department of Social Services data (2019–20), Franchise Tax Board data (TY 2019).

**Phase 1**  
**Takeaways:**  
**Merging tax**  
**and safety**  
**net data**

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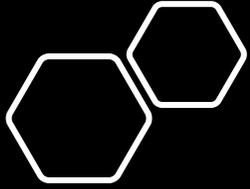
Safety net agencies have better reach into the non-filer population than tax agencies

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Sharing data can be challenging, but a third party can help through hashed data

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Single adults with very low income are at highest risk of not receiving anti-poverty tax credits



# Phase 2: Outreach Strategy, Interventions, and a better tax-filing solution

## Objective

- To encourage CalFresh (SNAP) and CalWORKs (TANF) recipients to file their taxes to claim federal stimulus payments

## Timeline

- Mid-September through to the extended tax filing deadline

## Modes of Communication

- Recorded voice messages: For individuals who have not consented to receive text or email
- SMS (text) messages: For individuals who have agreed to receive SMS messages
- Email messages: For individuals who have agreed to receive email messages

## Support interventions

- Streamlined, mobile friendly Code for America website (including custom-built landing page); offers simplified filing versus filing a full return
- Hotline to support clients over the phone in completing process

## Authority

- CDSS has the authority to conduct this effort as a result of CA legislation
  - *Data Sharing*: Assembly Bill (AB) 107, Section 26(b);
  - *Outreach*: Senate Bill (SB) 86 section 4



But first...

Which among the following messages do you expect will result in the greatest engagement from our outreach population?....

Spaceholder for poll everywhere

# Configuring the messages



- Concise SMS messages drafted by behavioral scientists
- Connecting to mobile friendly resources, “meeting users where they are at”



- Designated outreach line with pre-recorded voice message
- Clear call to action with easy-to-follow instructions
- Establishes linkages to over the phone support



- A central communication with resources consolidated in one spot
- Easy for organizations to reference content, “working from same document” when supporting clients



Messages will be staggered over the course of 5 weeks so as to not overburden county infrastructure

To reach non-filers, we don't just need better outreach. We need better services.

**Outreach alone is not enough to overcome barriers to filing, there must be a strategy that is:**

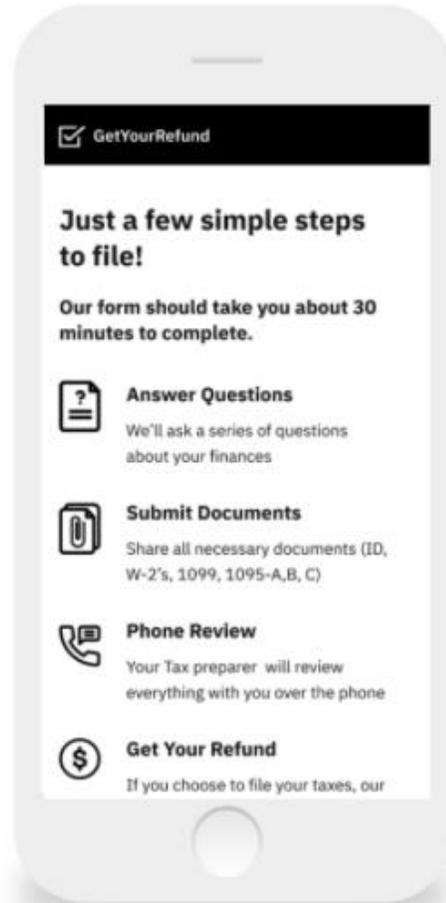
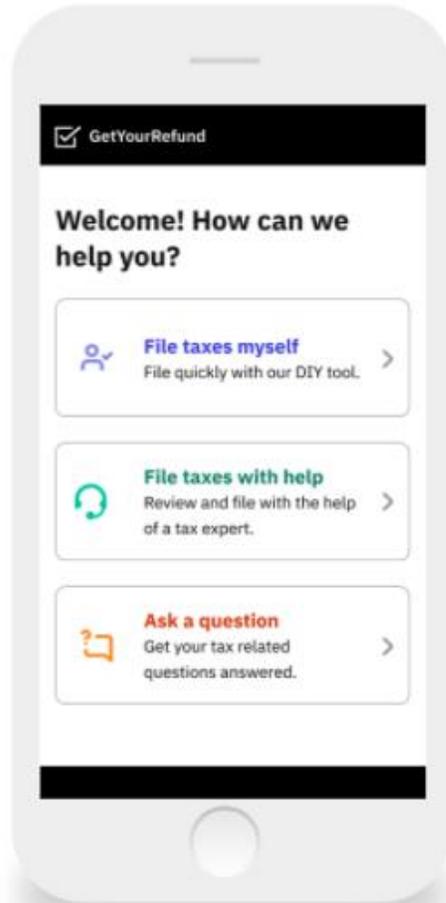
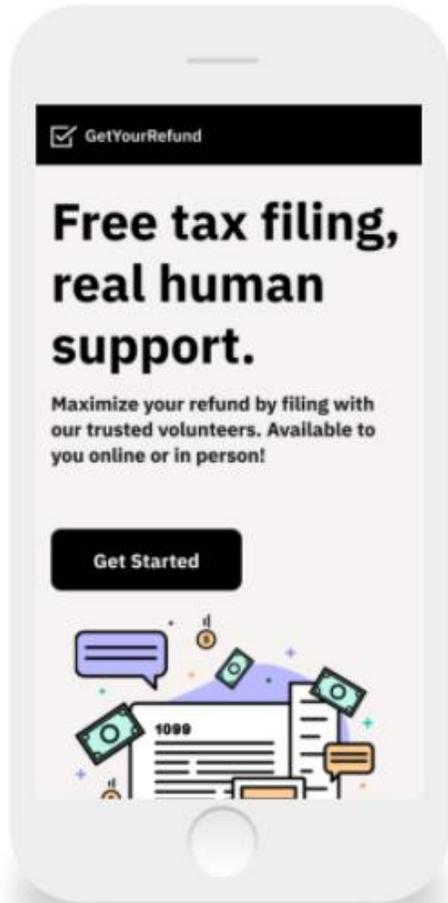
**Simple:** Non-filers need help overcoming barriers such as ID verification and document access and need simple services to file successfully.

**Free:** Many non-filers simply cannot afford the average tax prep cost.

**Accessible:** Help must be available where they are, when they need it.

**Trusted:** Many current tax prep options are a maze of misleading, untrustworthy services, and vulnerable families and marginalized communities are highly skeptical. Trusted community institutions can help.

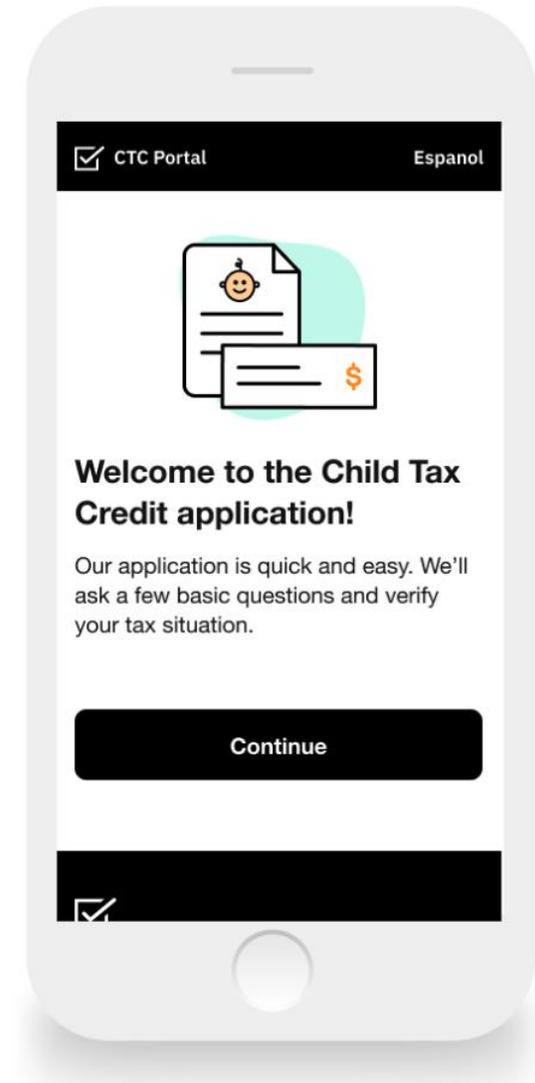
**Empathetic:** Emotional hardship, such as job loss, divorce, or death in the family, disrupts the ability to file. Services must be trauma-informed.



GetYourRefund:  
Full-service  
support for  
federal and state  
returns

# GetCTC.org: Simplified Filing Tool

- For Child Tax Credit and Stimulus Payments
- Simplified federal tax return for clients without a filing requirement
- Mobile and user-friendly
- Interview-based questions to help determine eligibility
- VITA-certified chat support
- Refers complex cases to VITA partners
- English and Spanish



# Californians, choose the best option to claim your tax benefits!

With the Child Tax Credit, stimulus payments, and other credits, many California families can claim over \$10,000 in tax benefits this year, even if they have little or no income.

**Claim the benefits that you are owed.**

## Option 1

**Collect all tax credits you are owed**

This option is longer and requires more documentation, but you may get more money.

Best for people who worked in 2020 and who have all the required documents for a full tax return.

## Option 2

**Collect only the federal stimulus payments and Child Tax Credit**

This option is quicker and requires less documentation, but you may not be able to claim all benefits.

Best for people who did not work in 2020 or who don't have their tax documents to file a full return.

# Simplified Tax Filing to Claim Your Stimulus Payments

Claim your missing stimulus payments (and, if you have kids, your Child Tax Credit), even if you don't have your tax documents.



[File your simplified return now](#)



Need help? Call XXX-XXX-XXXX or [chat with us](#) and get help claiming your stimulus payments.



### **Hotline**

VITA-certified tax preparers available specifically for non-filers to help them determine next steps.

Can help clients complete GetCTC.org simplified return over the phone, or start a full-service return at GetYourRefund.org.



### **Chat support**

VITA-certified tax preparers available to help determine next steps, answer tax questions, and help clients troubleshoot tech or tax issues.

**Public benefits agencies are the best way to reach non-filers.** We want to work with you to help make sure all families access their tax benefits!

Reach out to [annelise@codeforamerica.org](mailto:annelise@codeforamerica.org) to learn more about how we can easily help you track outcomes for any referrals to [GetYourRefund.org](https://www.getyourrefund.org) or [GetCTC.org](https://www.getctc.org)



# Phase 2: Outreach Key Take-Aways



Clients only receive messages in the mode they've opted into



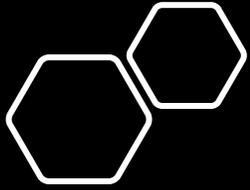
No identifiable information is used in any of the messages



Outreach is conducted to the full population with multiple messages



Tools should be simplified and accessible



# Phase 3: Evaluate and learn



# Evaluating the Impact

Does the non-filer tool  
(a simplified return) increase tax  
filing?

Does offering and/or providing  
assistance (hotline, chat) increase tax  
filing?

What types of messages get people  
to take action (addressing stigma  
or complexity of the process)?

2 randomized control trials (RCTs)  
Over 500,000 households

## Intermediate outcomes:

- Engagement with website (click through)
- Engagement with assistance
- Return initiated

## Final outcome:

- Return submitted

# Evaluation Key Take-Aways



Recommendations will be made at the local, state, and federal levels



Counties will be able to receive county-level data



Establish partnerships, forums, and advisory groups to support tax filing outreach in future years

# NEXT STEPS



Share a toolkit meant to support hashing and merge code efforts in other states



**Partner with public benefits agencies to promote tax filing among program beneficiaries**  
Reach out to [annelise@codeforamerica.org](mailto:annelise@codeforamerica.org)



Full report and evaluation materials will be shared upon completion of the outreach effort



Socialize our materials from the [2020 Income Tax Return Filing and Resources Hub](#)