

Delta Initiative Earned Income Tax Credit (EITC) Workshop

Jackson State University - E Center

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Submitted by

S & S Consulting Services, Inc.

Lansing, Michigan

Linda Sims, President

George T. Rowan

Victor Marsh

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## INTRODUCTION

The Department of Health and Human Services (DHHS) Administration for Children and Families, and the Internal Revenue Service (IRS), in conjunction with the National Organization of Black County Officials (NOBCO) convened a two day workshop in Jackson, Mississippi to disseminate information to county officials in a seven state area about the advantages of participating in the Earned Income Tax Credit (EITC) program. The states represented at the workshop were Arkansas, Alabama, Kentucky, Louisiana, Mississippi, Missouri and Tennessee.

The EITC is a benefit for working people who earn low or moderate incomes. It serves to reduce the tax burden for workers in a specified income bracket, to supplement wages, and to make work more attractive than welfare. The EITC is the largest cash transfer program for low-income families in the United States.

Individuals who qualify for the EITC and file a federal tax return can get back some or all of the federal income tax that was taken out of their pay during the year. Workers may also receive extra cash back from the IRS. In addition, workers whose earnings are minimal may be eligible for EITC. Lastly the EITC reduces any additional taxes workers may owe.

The participating states and counties and estimated loss of EITC income follow:

<u>STATES</u>	<u>COUNTIES</u>	<u>ESTIMATED LOSS OF EITC INCOME (2000)</u>
Alabama	Jefferson/Montgomery	\$42,000,000
Arkansas	Pulaski/Clark	\$15,000,000
Kentucky	Fayette/Jefferson	\$25,000,000
Louisiana	Orleans/East Baton Rouge	\$55,000,000
Mississippi	Hinds/Forrest	\$19,000,000
Missouri	St. Louis/Jackson	\$40,000,000
Tennessee	Shelby/Davidson	\$65,000,000

During the two day meeting S&S Consultants of Lansing, Michigan met with community leaders, local and state elected officials and agency representatives to receive their input about conducting successful outreach strategies to develop, promote, and implement the EITC program. The following questions were addressed during the two day workshop:

- Defining EIC (Earned Income Credit)
- Who is eligible for EIC?
- What is the worth of EIC?
- How does EIC work?
- How can you qualify for EIC?

- Are immigrant workers eligible for EIC?
- Where can one receive assistance to file tax forms?

The workshop also covered topics regarding the following:

- EIC and welfare benefits
- EIC and social security numbers
- EIC and non-traditional families
- EIC and immigrant workers
- Why the EIC is important
- Those who benefit from the EIC

The goals of the workshop were to:

- Encourage public officials to expand their parameters in planning EITC community outreach programs
- Develop pilot outreach programs to increase public awareness and understanding of the EITC program
- Provide strategies to those in attendance to expand current outreach programs and modify existing ones; and
- Increase the number of eligible persons applying for EITC benefits.

## **METHODOLOGY**

### **Community Focus Group - January 29, 2003**

In order to get maximum interaction from individuals over the two day workshop period the facilitators from S&S consultants held a focus group session with seven citizens from Hinds County, Mississippi on Wednesday, January 29, 2003 and posed questions to the group that focused upon their prior knowledge of EITC and how they viewed EITC might help the community. Discussion also focused on how EITC could be marketed in the community and how the media could be used in promoting it.

Responses were somewhat varied, however there was considerable agreement on approaching EITC issues. Most individuals felt that spreading the word through churches, particular radio talk shows, healthcare centers (e.g., Jackson Medical Mall), grocery stores, check cashing outlets, fast food outlets, day care centers, public utility companies, apartment complexes, head start centers and elected public officials. The facilitators were especially pleased with the candor of the participants. Other suggestions included taking ads out in local community newspapers and publicizing in barber shops and beauty shops. Of particular note was that a bullet point format should be used with the telephone number (in bold) prominently placed on an EITC poster so that it can easily be seen.

As the session drew to end focus group members were asked about additional modes of communication regarding Earned Income Credit (EIC). Participants responded by suggesting that key leaders from the Hinds County Health Department and Jackson State University be engaged in the project. It was felt that these two groups, in particular, had a great deal of credibility in the community. There were also suggestions that publicity about EIC be distributed in the health department and at health fairs. One individual felt that more should be done to publicize EIC during Black History Month because it would take place in the middle of the tax filing season. The group as a whole reported that the best communication mode would be the utilization of five popular FM radio stations in the area.

Lastly the group stated that other modes of communication would be Black businesses, Catholic charities, Habitat for Humanity, Salvation Army, recovery centers, hospitals (particularly emergency rooms), cable television (especially using the character generator), and the Jackson Fire and Police Department Child Identification Program. In addition the group reiterated that all print ads should be vibrant and eye catching to the reader.

#### **Combined Group - A.M - January 30,**

On Thursday, January 30, 2003 approximately 50 individuals from the community, HHS, and IRS went through a morning of workshops in which outreach strategies were discussed as well as various methods of implementing these strategies. The purpose of the morning session was to lay a foundation for the afternoon individual state discussion groups. After being welcomed by the a member of the Hinds County Board of Supervisors and the Mayor of Jackson, Mississippi community groups and agency representatives were split into separate groups and each group was given information on the following topics:

	<u>Topic</u>	<u>Agency</u>
*	Briefing and Overview on EITC -	Internal Revenue Service
*	Highlights on Conducting a successful EITC Program -	National League of Cities
*	Briefing on using an EITC Credit Tool Kit -	NCS Consulting Services of Jackson, Mississippi

### P.M. Session

Following the morning session a luncheon presentation was given by the Executive Director of the Social Development Commission in Milwaukee, Wisconsin about building coalitions. She stressed that workers who qualify for EITC must file a federal income tax form in order to get some or all of their income tax that they paid to the government during the year. She also covered the benefits of filing by reading the following statement:

**Workers raising one child in their home with a family income of less than \$27,413 in 2000 can get credit of up to \$2,353; workers rearing more than one child can get an EITC of as much as \$3,888.**

(Note that EITC is higher for workers in 2002)

After the presentation the facilitators separated everyone into seven state groups. Each group represented the seven states in attendance at the workshop. Agency representatives were divided equally into the seven state groups so they could provide input about what their agencies could do to urge citizens to participate in EITC. Each group was given a flip chart and asked to select a recorder and group leader. The group leader was charged with eliciting information from group members about ways to encourage citizens who qualify for EITC to file tax returns in their respective states. Below is a synopsis of what each group reported by state.

### Arkansas

- Emphasize marketing, especially to the Latino populations.
- Engage industries (Sam's Club) to host EITC information sites.
- Involve local chambers of commerce, housing authority and human resources departments.
- Send out mailers to people who receive low-income energy assistance
- Develop telephone help lines using an 800 number.
- Utilize television stations to recruit Volunteer Income Tax Assistants (VITA).
- Include EITC information in food stamp mailings.
- Use AmeriCorps, Municipal League and State Association of Counties to pique interest in EITC.
- Consider tax sites with computer laboratories, schools, libraries and community technology centers.
- Train law students and missionaries as volunteer tax preparers.

### Alabama

- Educate staff of Birmingham CAA (406). The CAA serves thousands of low-income clients. CAA staff could also be trained to do outreach so that they can encourage EITC eligible citizens to file their taxes.
- Engage the mayor's office and new county commissioners in the EITC endeavor.

- Build coalitions with faith communities, foundations, city chamber of commerce and the United Way.
- Develop a media campaign and use testimonials from actual beneficiaries of EITC.
- Convene Birmingham CAA, IRS, and DHR to determine what can be done about this issue immediately.

### **Kentucky**

- Involve city, county and state officials in a media campaign.
- Use community newspapers and labor unions to disseminate information.
- Make EITC an agenda item at city council meetings.
- Use local government cable channels to publicize EITC.
- Publicize at the following events and location:
  - Local universities
  - Neighborhood meetings
  - Festivals
  - Fairs
  - Head Start (and targeted schools)
  - Utilize Title 1 contacts
  - WIA Offices for outreach purposes
- Use state AARP chapters to provide free tax preparation using their volunteer tax preparers.

### **Louisiana**

- Greatly expand EITC dissemination of information by:
  - Using local radio and television personalities to make this an ongoing news item.
  - Using word of mouth
  - Promoting on public cable access channels
  - Engaging faith based organizations
  - Placing information in utility bill statements
  - Publicize through Department of Motor Vehicles, Bureau of Motor Vehicles, social service agencies and grocery stores.
- Publicize the fact that getting money in hurry through commercial tax preparers means less money to take home.
- Encourage both financial and social literacy by teaching about direct deposit, saving and asset building.
- Form partnerships with businesses to promote EITC. Impress upon business that this means dollars in their coffers.
- Convince banks to utilize the Community Reinvestment Act and show them that EITC creates a positive business environment.
- Stress the positives and negatives to government about EITC

**Positives** mean a better economy, an increased tax base, good publicity for the city leaders and the city itself and provide an incentive to work and foster community partnerships.

**Negatives** result in fewer tax dollars, diminishing self-sufficiency, more welfare, higher crime rates and more related issues such as lack of housing

### Mississippi

- Outreach strategies consist of
  - Media - radio, television and newspapers
  - Educating employers about EITC
  - Forming a Jackson/Hinds County coalition with a telephone number and contact person as a starting point
  - Churches/Civic organizations
  - Flyers and word-of-mouth
  - Developing a EITC website
  - Put information in paychecks
  - Use newsletters
  - Mail material to county residents
  - Speak to neighborhood associations with IRS representatives available or have a local person who is will informed about EITC
  - Use fraternities and sororities
  - Publicize through Jackson State University and use E-City building for training VITA assistants
  - Publicize through housing authorities and the Foundation for the Mid-South
  - Partner through grocery stores for printed EITC bags and also publicize through banks
  - Include information in all utility bill statements
- Utilize Head Start for publicity
- Develop a "Mission Mississippi" project and include EITC as one of many foci.
- Identify specific income populations and do target mailings or have face-to-face meetings; and
- Disseminate information during annual church conferences and conventions.

### Missouri

- Distribute information in ADFC waiting rooms and educate staff about benefits.
- Have material available at metro/link transit stops and have individuals available during high traffic times prior to the end of the tax filing deadline.
- Have VITA sites at metro stops and supermarkets.
- Develop and coordinate a state wide plan for distributing, filing and preparing taxes (i.e. use State Treasurer Lost and Found Site).
- Utilize community action network.

- Create an urban agenda with large city mayors using EITC as its core. Also have minority home ownership, homeless service continuum and market awareness as components.
- Expand use of W-5 in "new" employee's packet.
- Distribute EITC brochures through schools.
- Urge the Department of Health and Human Services to develop EITC competitive grants to support outreach campaigns.

### **Tennessee**

- In the immediate future have the city (Nashville) and IRS partner to address EITC issues.
- Involve the mayor and businesses in EITC strategy planning sessions.
- In one year develop VITA sites to aid citizens in preparing returns.
- Form a EITC alliance with the following groups
  - Chamber of Commerce
  - National Organization of 100 Black Women
  - Interdenominational Ministerial Fellowship
  - Sprint
  - Hewlett Packard
  - Frist Foundation
  - HCA
  - Tennessee State and Fisk Universities
  - Bethlehem Centers of Nashville
  - 100 Black Men
  - Mt. Zion Church
  - Popular radio station host(s)

### **EITC AGENCY RESOURCE REPORT**

Although not solicited at the afternoon general sessions some agency representatives provided suggestions throughout the workshop to improve EITC accessibility. They are as follows:

- Have the IRS develop a train the trainer VITA program and also have them lend their tax expertise wherever possible.
- Form a partnership with the American Bar Association and other associations to address EITC issues.
- Provide software support and training to those that have a demonstrated need for it in high EITC areas.
- Provide publications and products in readable/useable forms to encourage more use of EITC.
- Provide technical assistance whenever possible.
- Work with community action agencies to inform them of the nuances of EITC.
- Develop an Hispanic EITC workshop

- Form a tax preparation partnership between Historically Black Colleges and Universities (HBCU) and the Internal Revenue Service.
- Develop an IRS/HHS urban initiative.

### **Summary**

It is evident that many fine suggestions surfaced during the course of the two day workshop. There were also many common themes that were apparent. What seems to stand out was the use of the church as a common disseminating point. The Black church has always been known as a distribution center of news in the Black community, however the media, especially radio, appears to rival the church as a mode of communication. This is apparent among community citizens and community leaders and should be taken into consideration when planning a communication campaign about EITC. Other themes included the insertion of EITC information in utility bill statements. Perhaps EITC information could also be available at utility company bill payment centers as many members of the community choose to pay bills in person.

Word of mouth was mentioned quite frequently as a way to disseminate information as was the use of public access cable channels. One theme that emerged was selling the business community on the economic impact of EITC. Surely the economic impact surfaced from the workshops preceding the small group sessions.

Some novel ways of disseminating material included the Department of Motor Vehicles and the Bureau of Motor Vehicles. Another interesting distribution mode was the availability of material at all metro link transit stops. The two most original suggestions were building financial and social literacy as an outcome of this process and urging the Department of Health and Human Services to issue competitive grants for the purpose of building EITC outreach capacity.

### **Recommendations for the Future**

In analyzing the material presented it appears as though the number one recommendation for the future is to build a marketing plan for each individual state/parish. All states have something in common but each state has its own issues to deal with individually and this can best be done by developing individual marketing plans. What works for Missouri may not work for Arkansas. For instance, Missouri has an advanced transportation system which means that a marketing plan in St. Louis may be much different than a plan to be developed for Arkansas.

The marketing plan must take into account the various suggestions provided by representatives from the respective states that attended the conference. The plan must stress developmental technical assistance not technical assistance as is used in the conventional manner. Individuals must develop a plan along with professional marketers so that they can carry on the plan long after professionals have completed their assignment. This eliminates dependency that normally occurs when pure technical

assistance is used. S&S Consultants is geared up to handle developmental technical assistance issues in the seven state Delta Initiative areas.

Special care must be used to tailor materials in language idioms and dialect that appears to people in the targeted area. That is S&S Consultant's forte. We are experienced in working with diverse groups to accomplish predetermined goals and objectives.

The two recommendations stated are those that can lead the targeted states to increased EITC funds from the government. If the recommendations are followed there is no reason why significantly more EITC funds can't be returned to the states of the Delta Initiative.