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## ABOUT THE NETWORK

The EITC Funders Network brings together funders interested in the Earned Income Tax Credit, free- and low-cost tax preparation, and asset building. The Network seeks to increase awareness of EITC-related projects, foster collaboration, share information about the current status of EITC-related work, and help shape the future of the field.

*The Network is generously funded by:*

*The Annie E. Casey Foundation  
The W.K. Kellogg Foundation  
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## A Note From the Coordinator

Dear EITC Funders Network,

On March 4, 2014, President Obama proposed expanding the Earned Income Tax Credit (EITC) to millions of low-income workers without children. It is estimated that this change would benefit more than 13 million workers who live at or just above the federal poverty line. This substantial increase would come as a result of nearly doubling the EITC benefit for childless workers and extending the credit to childless workers who earn up to \$18,000 a year, or half the federal poverty limit.

This ambitious proposal is a testament to the power of tax-linked strategies to reduce poverty. And, given that it is a central tenet of President Obama's budget, it is certain to receive considerable national attention and debate.

I hope that each of you and your grantees will use this renewed interest in the EITC as a chance to share how the EITC has helped build economic security and create a better future for so many working families.

Here at the EITC Funders Network we'll be keeping you abreast of the various proposals to change and enhance the EITC. Please keep connected!

Sincerely,  
Ami Nagle, Coordinator, EITC Funders Network

## Check Out Our Recent Events!

### Changes in the EITC?

*What national and state policy efforts are being considered?*

*How will these changes impact low-income families?*

A Webinar with the Center on Budget and Policy Priorities (CBPP) &  
The Hatcher Group

[Click here](#) to go to our Recent Events page



# Interview with a Funder

**Aimee Durfee,**  
Senior Program Officer, Y & H Soda Foundation

## Research News

### New Studies Show EITC Boosts College Enrollment

Two new working papers highlight the positive impact of the EITC on college enrollment for children from low and moderate income families. One of these studies also shows an increase in academic performance, including higher test scores, better attendance and graduation rates. The other study finds that college enrollment rates rise with family earnings up to the earning level where a family qualifies for the maximum EITC. The EITC affords cash strapped families a boost in the Spring before college begins, making enrollment more likely for high school seniors. Go to the [Center on Budget and Policy Priorities blog](#) to learn more.

### **What is the current focus of the Y and H Soda Foundation?**

The Y & H Soda Foundation supports nonprofit and Catholic organizations committed to the full participation and prosperity of the underserved in Alameda and Contra Costa Counties. Our goal is to reduce poverty in the two-county East Bay region of the San Francisco Bay Area. We make grants in the following areas: Family Economic Success, Community Organizing, Immigrant Integration, Safety Net Innovation, Nonprofit Capacity Building and Urban Catholic Education.

### **Why does the Y and H Soda Foundation support EITC-related work?**

We have an anti-poverty mandate as a foundation, and we seek to help low-income families increase their incomes and improve their asset health (improve credit scores, avoid/recover from predatory lending, manage debt and build savings). When I started working with the foundation two years ago I read Peter Edelman's recent book *So Rich, So Poor* and was reminded that the EITC is the biggest anti-poverty program at the federal level. Because the EITC is essentially a wage subsidy, we consider it as an income strategy. It also can be an asset strategy by providing extra cash to help families pay off debt or save for the future, but those choices often come second to the immediate income needs of low-wage workers.

### **What informs your foundation's EITC-related work?**

In conversations with the Bay Area tax site coordinators, I learned that in one of our counties, the scope of the problem had shifted slightly – eligible people filing taxes were largely receiving the EITC. So, the problem isn't only that people fail to claim the credit; sites needed to also target people who are not filing their taxes and/or those who don't think they qualify for EITC. In order to address this, we identified groups of people who were not filing for the EITC and started figuring out how to reach out to them (e.g, grandparents who are taking care of kids, disabled people, etc.).

Additionally, the Soda Foundation supports asset building at tax time in various ways, including through United Way's SparkPoint centers, which are all tax sites connected to integrated income/asset building services. Over the years in this field, I've noticed it has always been challenging to "get people to save their refund" (though many tax sites are successful at it), but the truth is that many tax clients go out and spend their tax refund. This is not necessarily a detriment to asset-building – it's just that we may need to reconsider how we think about savings at tax time. If someone uses their refund for car repairs, which allows them to keep their car and job (because they have reliable transportation) –that's asset building. Counting money deposited into a savings account as a means to build assets doesn't capture the whole spectrum.

*(Continued on page 4)*



## *Interview with a Funder* (continued from page 2)

### **What has driven the evolution of your EITC-related work?**

During the past year, the Soda Foundation made a small grant to our local United Way to conduct an evaluation of their Bay Area tax sites. It's been a great learning experience. One of the most interesting outcomes from their evaluation was the understanding of the three different roles of a tax site: file taxes (e.g., "tax factory"), support asset building and/or create social change. All sites are not equipped to do all of these things and often must choose between them in order to be effective.

Another challenge to overcome is the labor-intensive nature of tax sites. If our goal is to increase the overall amount of refunds accessed through the EITC, and many of those who qualify for the EITC do not use the tax sites, our current model may be highly inefficient. How can we increase the efficiency of the sites and use technology to reach more people?

### **What are other insights you have gained as a result of your foundation's EITC-related work?**

When we are talking about anti-poverty efforts, if we are going to be accountable to low income people, we cannot prescribe what we think is best for others. Our work needs to be responsive to the communities in which we are working and programs should be designed accordingly. One example I've seen in this arena has been with the East Bay Asian Local Development Corporation (EBALDC) in Oakland. EBALDC supports two tax sites, and they did focus groups with clients to learn what asset-building options they wanted when they did their taxes each year. Their clients told them that they were interested in savings bonds, so this is what EBALDC instituted. And they got a lot of people to sign up for savings bonds. The success they've seen is due to the fact that this program is being driven by what their clients want and what they need.

When I take a big picture view, I know we (as a field) have got the programmatic side figured out. Organizations know how to do taxes for people. While the Soda Foundation funds individual programs, it's my personal opinion that a next step is to increase the dollar amount of the EITC itself. Currently wages and productivity are diverging --people are working harder and not getting paid any more. So we may need to look at increasing the amount of the EITC. Are there other ways that it could be improved? Right now if you are a single person you don't get that much of a refund and we need to make it a lot easier to get the EITC. I'm not sure how this might happen, but I'm hoping the field is focusing on these kinds of questions going forward.



## **Interested in Asset Building at Tax Time?**

Do you have a tax-linked asset building strategy you would like to share with your colleagues? We are building a resource network and would like to include you!

Please contact [ami@eitcfunders.org](mailto:ami@eitcfunders.org)