



INSIDE THIS ISSUE

- ◆ Funders Q & A with David E. Ruiz
- ◆ CBPP's Report on Military Families and the EITC
- ◆ Brookings Institute offers proposal for EITC expansion
- ◆ The Affordable Care Act and EITC
- ◆ LISC's Financial Opportunity Centers
- ◆ Upcoming Meetings and Past Webinars!

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
The C.S. Mott Foundation
The Piton Foundation
The Ford Foundation*

A Note From the Coordinator

Dear EITC Funders Network,

As you know, the federal EITC is complimented in many states by a state EITC. In recent years, the EITC Funders Network has been keeping a close eye on these state EITCs, fearing their reduction or elimination as state budget woes worsened.

The 2013 state legislative season was a bit of a mixed bag for state EITCs. Another state (Ohio) was added to the ranks of states with EITCs, now bringing the total to 25 states and DC with a credit. But, Ohio's credit is non-refundable (often a starting place for state EITCs) and part of a larger tax package that saw harmful elements for low-income families. Similarly in Iowa, there was an increase in the EITC from 7% to 14%, but other measures in the tax bill reduce revenues making funding programs for low-income families difficult.

While we watch carefully for increases in state EITCs, it is clear that these policy changes are part of larger tax and budget debates in the states. Indeed, states including Alabama and Nebraska considered eliminating their income tax, which by its very nature would have eliminated the state EITC in those states.

It is important to remember that for low-income families, the EITC does not exist in isolation of other programs and policies. While this has been a piece of the EITC Funders Network conversation for the past year, it should increasingly be on our radar screen.

Sincerely,
Ami Nagle
Network Coordinator

Last call to register!

EITC Funders Network Meeting

September 11, 2013; 9am-1pm

New Orleans

[Register Here!](#)

Funder Q & A



David volunteering at the Houston Food Bank

David Enrique Ruiz
Houston Market Manager for
Bank of America

Research helps us better understand how families use EITC funds

An article from the Harvard Kennedy School of Government entitled *The EITC: Encouraging Economic Mobility for the Working Poor* reminds us of the importance of solid research that explores how families use EITC funds. The article highlights research from 2010 which explores how families intended to and actually used EITC funds.

The study categorized filers' use of EITC funds into three areas: current consumption (child expenses, groceries); debt repayment; and asset building (savings, college tuition, home purchases or repairs). While 69 percent of participants claimed they "planned to invest some of their refund in asset accumulation" only 47 percent actually did so. Study authors highlight that those receiving the EITC over multiple years had "a strong sense of future orientation" related to planning for their financial stability.

[Click here](#) to see the article.

What is the current focus of the Bank of America Charitable Foundation?

The Bank of America Charitable Foundation focuses on housing, jobs and hunger. This includes supporting community and workforce development, helping children to be successful in school, and providing financial education to help families regain and sustain financial stability, among other strategies. We focus on these areas because this is what we see and hear as major needs from working with our community partners. But grantmaking is not the only tool we have. Our company is also focused on volunteerism and encourages all employees to volunteer with our grantees as well as other nonprofits in our community. Overall, we have about 3,000 individuals working in Houston at Bank of America. Last year, these employees volunteered 25,000 hours.

Why does the Bank of America Charitable Foundation support EITC-related work?

Our goal of helping families be self-sufficient connects us to the EITC-related work as well as provides meaningful volunteer opportunities for our employees. Bank of America has a generous policy that allows each employee to volunteer two hours per week. This is where it starts and where we make a difference. We have a cultural commitment to be a part of the communities in which we live, work and support and believe that a healthy economy helps everyone. Volunteer opportunities with EITC are a big part of why we fund this work. As a volunteer opportunity, EITC-related work is a very satisfying experience. Not only is it a great pleasure to let people know that they will potentially be getting thousands of dollars back from their tax return, but also hearing the stories from the families – what they do for a living, where they live, how they support their families and what a refund means to them – it is very personal. And, our volunteers can immediately see the impact their work has on people.

What kind of EITC-related work does the Bank of America Charitable Foundation support?

When we started this work in 2007, it was concentrated around tax time and helping families get their tax return. Providers were not offering other services or anything additional outside of tax time. Over the years, our programs have evolved to include a year-round tax return service and having the tax site at locations where individuals and families can return for other services. Now families learn about other opportunities – workforce development and financial education – at the same time they are getting their taxes done. We know it can be difficult to focus on savings and other services during tax time, so we've had to make other opportunities available.

The more informed people are about their choices when it comes to money, the better their financial outlook for life. Additionally, Bank of America partnered with the Khan Academy to help reach out to

(Continued on page 4)

Outreach & Tax Preparation

Working-Family Tax Credits Help Over 1 Million Military Families: Credits Keep More Than 140,000 Veteran and Active-Duty Families Out of Poverty

New research from the Center for Budget and Policy Priorities offers an analysis of how the EITC and Child Tax Credits (CTC) help keep military families (both current and formerly active members of the armed services) out of poverty. Based on analysis of IRS and Census data, almost one fourth of all military families with children receive either the EITC or low-income component of the Child Tax Credit. Military families make up 6.1% of all families receiving these credits.

This article provides state-by-state totals of the number of military families receiving either the EITC or CTC. To learn more about how these credits are helping military families, [click here](#).

Policy

Making Work Pay — Again This Time for Men

The Brookings Institute offers a proposal to expand those eligible for the EITC to include noncustodial parents, particularly young men. Because the employment rate and wages of single males has fallen in the past few decades, expanding the EITC would offer incentives to work more. This article highlights the strategy employed by New York City's Mayor Bloomberg to expand New York's state EITC. The Empire State will conduct research to explore how expanding the EITC impacts the lives of young men related to their levels of employment, rates of child support and even marriage rates. Check out the article [here](#).

EITC

Benefits Access

Affordable Care Act's Premium Tax Credits and EITC

Beginning in January 2014, the Affordable Care Act will require most Americans to have health insurance coverage. Low and moderate income families will be eligible for premium tax credits to help offset the cost of purchasing their health insurance. What does this have to do with EITC and free tax prep sites? Many of the families who are eligible for the EITC will also be eligible for premium tax credits. In order to access these credits, taxes must be filed for the year the credit is taken. Many tax prep sites across the country are planning to help filers enroll in ACA and, additionally, access this credit when filing taxes. The Center on Budget and Policy Priorities' [Premium Tax Credits: Frequently Asked Questions](#) offers clear answers related to these credits. In partnership with the Robert Wood Johnson Foundation, the Consumer's Union has published a [website](#) to determine eligibility for the tax credits for each state.

Financial Empowerment

Expanding Financial Opportunity: LISC's Experience With Scaling Up Financial Opportunity Centers

In a [recent article](#), the Corporation for Enterprise Development (CFED) highlights the work of Local Initiatives Support Corporation's Financial Opportunity Centers. Financial Opportunity Centers (FOCs) advise low-income people on their finances and help them to get the public benefits they are entitled to, build their access to credit and obtain and keep jobs. By bundling services, FOCs have been able to support low-income individuals and families become more economically secure. When we know something is working, how do we create opportunities for growth and greater impact? This article addresses the process of "scaling up" FOCs as innovations known to be successful. To learn more, [click here](#).



Funder Q & A (Continued from page 2)

Americans with information on how to help them create better money habits with free, self-paced, easy-to-understand resources. These resources are available on a website, www.BetterMoneyHabits.com, which incorporates educational content from Khan Academy.

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

For us, the evolution of our EITC-related work came out of the understanding that we needed to be able to work with families year round in order to help build a financial foundation. For example, we wanted more of an opportunity to talk with families about how to save the money they receive from their tax returns. Once you tell an individual that they are getting \$4,000 back in taxes, they are going to figure out what bills to pay. That moment is not always the right time to talk with someone about the importance of savings. We wanted to do this work on an ongoing basis with families. United Way of Greater Houston has been a key driver in the evolution of our work with EITC. The Thrive program is a “one stop shop” model that’s built on the EITC work. It provides a year round presence where organizations are providing multiple services in one location. United Way of Greater Houston has also started a match savings program, similar to what people do through their employers with 401K accounts. They are going to match what these families put into their savings up to a certain amount. This is an innovative way to help families learn about as well as incentivize their savings, some for the first time.

What are some other things you see the EITC-related work evolving into?

While many great things have been achieved, we still have a lot of work to reach the countless families who qualify for free tax returns but who don’t know about the free service. This is one of the biggest challenges. Many for profit preparers advertise extensively and we have to look for other ways to increase awareness of this free service to families that qualify.

While volunteerism is extremely rewarding, there is in depth training needed for a volunteer to be able to work with VITA sites. Many people may not be able to give of their time to be trained and this can limit the amount of volunteers engaging in this important work. But we are looking at different ways to engage volunteers in the work. For example, we’d like to extend our volunteer knowledge to help students to prepare FAFSA forms. In other areas of work, we support groups that are helping high school students get into college. A family’s financial information is a huge part of that process.

Ultimately, building a strong financial foundation can help create a path to economic stability.



In case you missed it:

Better Together: Enrolling Families in Affordable Health Care and the Potential, Powerful Role of EITC Outreach and Free Tax Preparation Campaigns

Co-hosted with Grantmakers in Health

Watch the webinar [here!](#)

Upcoming Roundtable Discussion!

Asset Building at Tax Time

October 3rd, 7:30am — 8:45 am ET

Washington DC

Co-Hosted with the Asset Funders Network (AFN)
in conjunction with AFN’s annual conference

[Email Ami](#) for more information.