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By the Numbers

- The federal EITC was established in 1975.
- Each year, the EITC lifts 4.4 million people out of poverty.
- In 2007, the maximum EITC refund was \$4,176.
- In 2004, the EITC brought in \$7.8 billion to rural communities.
- A majority of states with an income tax (and one without an income tax!) now have a state EITC.

Resource Spotlight

The Brookings Institution provides EITC participation and other information by zip code, city, county, legislative district. Visit: <http://www.brookings.edu/metro/EITC/EITC->

EITC

Funders Network

Dear EITC Funders Network Members:

Welcome to the inaugural edition of the EITC Funders Network eNewsletter. The goal of this eNewsletter is to continue our practice of sharing information about developments in the field and issues of concern to funders. We hope that this newsletter will be useful to all those who share in our work. Please keep in touch and email us if there are ideas that you believe deserve further discussion and exploration or events that should be highlighted.

These are exciting times for the Earned Income Tax Credit. Congress and the presidential candidates are talking about EITC expansions and some states (including one without an income tax) are establishing or expanding their EITCs programs. At the same time, deep connections are being created between EITC, asset development, and family financial security. For the first time, Congress has budgeted funds to help communities establish free tax preparation efforts (VITA sites). *For further details see our page 4 article, New Federal Matching Funds . . .*

Charitable foundations are beginning to envision federal and state EITCs as an excellent resource for boosting family economic security, creating economic opportunity in urban and rural communities, and helping working families become more stable. In this 1st edition of our eNewsletter, we highlight the efforts of the New Hampshire Charitable Foundation. Their exciting work is representative of initiatives being taken on by funders across the country.

Sincerely,

Ami Nagle
Coordinator
EITC Funders Network

PS: Be sure to visit us on the web at: www.eitcfunders.org!

Upcoming Events

June 3, 2008—

Conference call on Developments in State and Local EITCs.

Summer 2008—

Conference call on EITC, Assets, and Microenterprise in Indian Country.

Summer 2008—

Conference call on potential expansions of the federal EITC.

September 11, 2008—

EITC, Assets, and Microenterprise Funders Network Breakfast Reception at the Asset Learning Conference in Washington, D.C.

Please contact the EITC Funders Network for more information on these events

**Email:
info@eitcfunders.org**



EITC Funder Spotlight: New Hampshire Charitable Foundation

Deborah Schachter, Senior Program Officer

Email: ds@nhcf.org

Web: www.nhcf.org

***Tell me about your Earned Income Tax Credit (EITC) program.
Why did the foundation decide to take on EITC work?***

In 2003, the New Hampshire Charitable Foundation was approached by the Annie E. Casey Foundation as part of their National Tax Assistance for Working Families campaign. It was clear from the very beginning that a small investment in this work could bring a huge return. Our interest in EITC dovetailed well with our efforts to support low-income communities and an interest in economic justice. Our grant support catalyzed the formation of the NH Statewide EITC Alliance, spearheaded by the University of New Hampshire Cooperative Extension.

What is the charge of the NH Statewide EITC Alliance?

The Alliance works to encourage the growth and coordination of local coalitions, to inform and link local volunteer tax preparation activities, and to foster EITC awareness, sharing of best practices, media, research and cooperation state-wide. Our grant dollars to the Alliance contribute to both state-wide and local community coalition efforts, and enable technical assistance, networking, state marketing materials, a website, radio and TV EITC messaging campaigns, printed educational materials, outreach to businesses, and more.

There are currently eight local coalitions in the Alliance, as well as three universities with VITA sites, a statewide entity that promotes Individual Development Accounts, a Legal Advice and Referral Center, Center for Community Economic Development & Disability and of course the Internal Revenue Service. The work reaches both rural and urban areas. In all, the New Hampshire Charitable Foundation and our donors have put over \$190,000 into EITC-related efforts over the past five years. During this same period, EITC dollars flowing to NH's low-income working families have topped \$100 million annually. We are really grateful for the generous donors who have assisted us in helping to make this possible. We also recognize that EITC dollars translate into an important economic stimulus for our state, especially important in these

EITC Funders Network Round Up

Rural America—In December 2007, funders from across the nation came together to explore efforts to promote the EITC in rural America. The goals of the meeting were: (1) to raise awareness of the challenges and opportunities faced by rural communities in promoting the EITC and family economic success; (2) to provide an opportunity for funders to engage in a dialogue about how EITC and economic opportunity work might be expanded in rural and Native American communities; and (3) to create a dialogue among funders interested in working together to address economic challenges faced by families in rural and Native American communities.

For more information about the meeting or to download meeting notes visit our website,
<http://www.eitcfunders.org>

EITC, Asset, and Microenterprise—On January 17, 2008 the EITC Funders Network, the Asset Funders Network, and the Microenterprise Funders Network held a joint briefing in New York City on efforts to combine these three important strategies.

tougher economic times—revenues that support our families but also that boost spending that supports NH jobs and NH businesses, especially in lower income communities.

What have been the most gratifying and challenging aspects of your EITC grantmaking?

Most gratifying has been the knowledge that some of our local efforts are really innovative: piloting of an employer-based free tax preparation model, piloting a reduced cost refund anticipation loan alternative, and so on. And certainly, the Alliance can feel proud of its role in fostering the creation of new local coalitions, and in continuing to expand awareness of and participation in the EITC program across the state.

The biggest challenge is probably sustainability. Given the high rate at which households cycle in and out of eligibility, and the many barriers to low income workers accessing their full EITC benefits (including the lure of costly commercial preparers), there is almost certainly a need, long term, for both statewide and local advocacy and outreach. How to diversify funding and create capacity to staff these efforts into the future remains a question.

Are there EITC issues you have been struggling with that you would be interested to hear your colleagues or the field address?

I would welcome ideas to render this EITC payment more automatic. If the forthcoming tax stimulus payments to roughly 117 million taxpayers can be issued without requiring any special forms or request from qualifying filers, it is hard to see why EITC could not be handled in a similarly automated fashion.

Short of automatic payments, taking voluntary tax preparation to the people makes perfect sense. I'd be very interested in exploring ways to ensure that mobile sites are licensed by the IRS as needed to facilitate outreach to EITC eligible taxpayers at their workplaces and other places where people gather. We have many small businesses in NH, and know from a survey of NH employers, as well as our efforts to pilot workplace EITC outreach, that many employers would welcome this service on site for their employees.

It also seems to me that while broad-scale messages on TV, radio and the like can be valuable, it also makes perfect sense to take the message to the people in more targeted ways. While the Alliance has worked with human service providers, employers, and others in NH to do just this, I would be very interested in innovative marketing mechanisms that other states and communities have used to reach eligible households where they work, shop, play, socialize, etc.

EITC Funders Network Round Up (Continued)

Connecting with Family Funders—On Tuesday, March 18, 2008 the EITC Funders Network and the *Family Funders Network* hosted a conference call for foundation trustees and staff, as well as representatives from nonprofit organizations, regional associations of grantmakers, and philanthropic advisors. The goal of this conference was to learn how foundations work to ensure more low-income families receive the Earned Income Tax Credit and how they support strategies which promote asset creation, accumulation, retention and protection.

Connecting with Disabled Persons—On February 19, 2008 the EITC Funders Network and the *Disability Funders Network* co-sponsored a conversation on EITC, Assets and Disabled People. This briefing explored efforts of funders, national organizations, and the IRS to create better connections between EITC/free tax preparation efforts and organizations working with disabled residents.

New Federal Matching Funds for Free Tax Preparation

Just before the New Year, President Bush signed the federal government's 2008 budget bill into law. Included in that package is \$8 million to establish and fund a matching grant program for community tax preparation programs. This \$8 million, to be matched by state or local government, private philanthropy, and other sources, will support community tax services for low-income workers and families in communities across the nation. The program will provide direct funds to enable VITA programs to extend services to underserved populations and hardest-to-reach areas (both urban and rural). The program will increase the capacity to file returns electronically, heighten quality control, enhance the training of volunteers, and significantly improve the accuracy rate of returns prepared by VITA sites.

Applicants must provide matching funds on a dollar-for-dollar basis for all VITA grant funds received.

The IRS SPEC division will administer the matching grants program. The \$8 million is spread out over two years, but almost all of those dollars will be dispersed in the form of grants in time for the 2009 filing season. The grant application packages will be available mid-summer of 2008.

The National Community Tax Coalition (NCTC) and the EITC Funders Network will keep you up to date on this important opportunity.

For more information go to http://www.tax-coalition.org/Resource%20Library/VITA_Grant_Talking_Points.pdf

About the EITC Funders 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.

Visit our website at: <http://www.eitcfunders.org>

Contact Information

To learn more about the EITC Funders Network, please contact:

Ami Nagle, Coordinator

Tel. 919-493-4393

Email: info@eitcfunders.org