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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 EITC Funders Network is generously supported by...

The Annie E. Casey Foundation

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The C.S. Mott Foundation

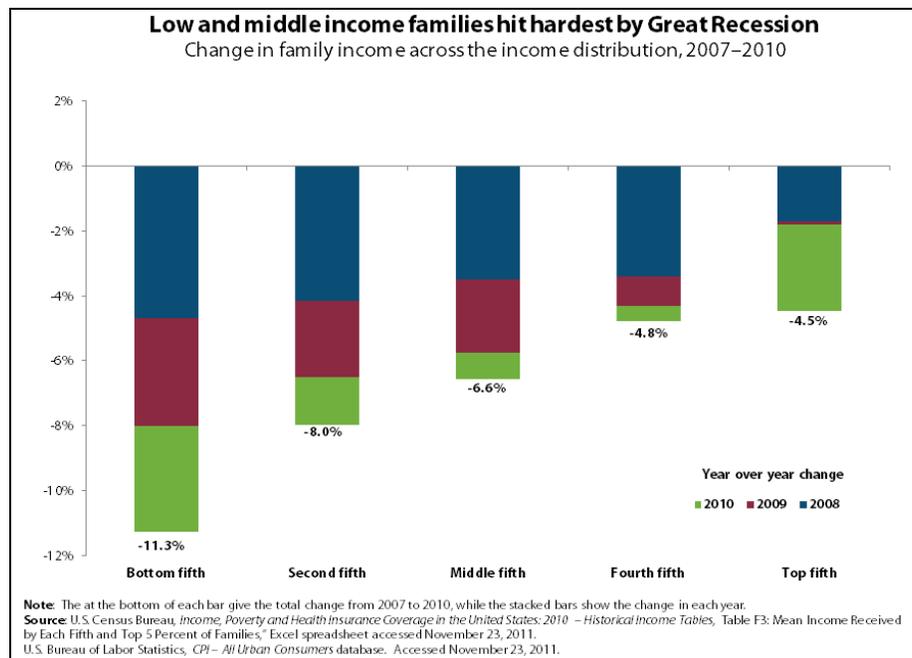
EITC eNewsletter Funders Network

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A Note from the Coordinator

Dear EITC Funders Network Members,

As we release our newsletter in early September, just after the Labor Day weekend, it provides an opportunity to reflect on the state of working Americans. While Labor Day was created to celebrate the social and economic achievements of American workers, the past few years of economic turbulence make it impossible to not also reflect on the challenges faced by American workers.



As this graph prepared by the Economic Policy Institute illustrates, low and middle-income working families (those most likely to be eligible for the EITC) have been hardest hit by the Great Recession. It is in times like these that the EITC is more important than ever—helping low-income working families to remain employed and make ends meet.

Want to know more about the impact of the Great Recession on EITC? Join us for a webinar conversation on October 3 (details on page 2)!

Sincerely,

Ami Nagle
Coordinator
EITC Funders Network

Upcoming Webinars for Funders

Mark your calendar for two upcoming EITC Funders Network webinars!

October 3, 12:30 pm ET When the Economy Goes Down, Does EITC Receipt Go Up?

The Impact of the Recession on EITC
Speaker:

*Elizabeth Kneebone,
Brookings Institution*

Register by clicking [here](#) or typing <http://tinyurl.com/cusaz6y> into your browser.

Fall 2012 (date TBD)

New Polling Data on the EITC—How will it change the way we talk about the EITC to families and community leaders?

Webinar information and registration to be posted soon to our website!



EITC Funder Spotlight

Diane DiGiacomo

Communications Director

The Piton Foundation

Why does The Piton Foundation support EITC-related work?

The mission of The Piton Foundation is to help low-income families pull themselves out of poverty and into self-sufficiency. The name of the foundation serves as an analogy for this – a piton is a steel spike that mountain climbers used to use to pull themselves up the side of a mountain. We know from years and years of research and experience that the EITC does more to lift low-income families out of poverty than any other government program in the country, so EITC-related work is a great fit with the Foundation's mission.

What kind of EITC-related work does The Piton Foundation support?

The Piton Foundation has been in existence for almost 40 years, and 20 years ago it shifted from a solely grant-making foundation to an operating foundation. We use some of our resources to operate our own programs as well as make grants to other community organizations that work to address poverty. As part of our own program activities, we operate one of the longest running EITC outreach campaigns in the country. When I came to Piton in 1989, the Center for Budget and Policy Priorities had just started its own EITC outreach campaign and was seeking partners across the U.S. Piton was one of their first partners. Our EITC outreach campaign is also one of the largest that is conducted by a private organization; each year, we distribute well over 1.5 million outreach items about the EITC across the state of Colorado.

Also, within the last ten years or so we got involved with identifying an effective way to provide free tax filing to families eligible for these tax credits. Like many other colleagues in this field, we saw that as the EITC continued to expand and become worth more and more money, families rushed to pay tax preparers to get their taxes done. We wanted a way to prevent that from happening. At first we publicized the existing VITA and AARP sites, but we found that many of the sites were not targeting low-income families or the sites were so small that they couldn't serve all the families that needed assistance.

Piton then started running VITA sites in some of the low-income neighborhoods in Denver. We went to the Center for Economic Progress in Chicago to see how they ran their programs, so it was a good opportunity to learn from a peer. We tried that model (recruiting and training volunteers, finding nonprofits with facilities for tax preparation sites) for a couple of years, but it did not work well in Colorado. While we put lots of time, energy, and funds into recruiting and training volunteers, the volunteers were often not reliable and did not complete the training. Given our desire for a model that would work better in Colorado, we looked at Tax Help New Mexico,

(Continued on page 4)

EITC Substantially Increases Employment among Single-Mothers

The Center on Budget and Policy Priorities released a statement in June that draws attention to the magnitude of the already well-established link between EITC and work effort. CBPP notes that research has long demonstrated the effect of EITC in increasing employment rates among single mothers with modest education. More recent research, however, has begun to quantify that effect and suggests that EITC accounts for at least half of the observed increases in employment among female-headed households through the 1990s. They point out that EITC, therefore, contributed more to gains in employment among this population than did the highly-touted welfare reforms. This new research provides support for EITC expansion among potential workers whose current access to EITC is limited. In particular, less-educated single men, whose labor market participation rates have been on the decline, may benefit from the employment-promoting effects of the EITC.

You can read *The EITC: Our Strongest Tool for Boosting Single Mothers Employment* here: <http://www.offthechartsblog.org/the-eitc-our-strongest-tool-for-boosting-single-mothers-employment>

Congress Debates Continuation of EITC and CTC Improvements

The U.S. House rejected a bill preserving improvements to low- to moderate income tax cuts, including EITC and CTC, in favor of a bill advancing tax cuts across all income levels, including on income above \$250,000. The improvements were implemented under president Obama's American Recovery and Reinvestment Act. Democrats estimate the expiration of the ARRA improvements will result in a substantial tax hike among roughly 25 million middle-class American households. Of these 25 million families, 12 million families would lose roughly \$800 worth of the Child Tax Credit and 6 million families would lose roughly \$500 worth of the Earned Income Tax Credit. With no chance of passing in the Democratic-led Senate and a promise of veto by President Obama, the act is regarded as largely symbolic. The fate of lower- and middle-class tax cuts will be decided when Congress reconvenes in September after the summer recess.

Thanks and Congratulations!

Thanks to those of you who took the time to complete the EITC Funders Network Evaluation Survey. We appreciate your feedback! Results will be posted to our website soon.

Congratulations to the winner of our Starbucks Gift Certificate!

Nancy Van Milligen, Community Foundation of Greater Dubuque

VITA Grant Supported in House and Senate

Tax Credits for Working Families reports that both the House and Senate financial services appropriations bills include funding for Volunteer Income Tax Assistance. Although neither chamber increased the level of funding to meet the estimated demand, each did maintain the 2011 fiscal year funding levels. Given the Budget Control Act mandate to reduce annual appropriations below the 2011 total, this is a considerable success for VITA supporters. Future action in the House and Senate will determine whether, and how much of, this funding receives final approval in the 2012 federal budget.

Diane DiGiacomo, continued from page 2)

a free tax preparation program that collaborated with community colleges across the state. Fred Gordon had just retired from Tax Help New Mexico, and we brought him on as a consultant to help us replicate the program in Colorado.

We started Tax Help Colorado with a partnership with one community college, today we partner with 14 (two-year) community colleges and two four-year colleges to run 25 free income tax assistance sites across the state. It is a win-win situation because the students who offer the tax preparation assistance actually get college credit for participating in the program. They take an income tax preparation class in the fall and then in the spring they use the computer labs at their colleges to run the assistance sites, which also counts for course credit. The beauty in this model is that these students have to put their time in just like they do with the other classes they take, so they are more reliable than we found volunteers to be during our previous efforts. We are happy that we found a sustainable and replicable way to provide free tax assistance, but the less-anticipated good that came out of the model is that community college students – who often come from low-income families themselves – are getting one of the best learning experiences they get in college by actually putting into practice skills learned in the classroom. We see students come back year after year because they enjoy being on the “giving end” of a service, and they are also successful in gaining admission to four-year colleges and finding good employment opportunities.

How have the ways you fund your EITC-related grants changed?

Because undertaking a state-wide outreach campaign is so large, we have developed a lot of partnerships. For instance, the State of Colorado includes a flier about tax assistance with the 1099-Gs sent to each person who received unemployment benefits in the past year. Because we do this every year, we know where to find low-income people, and who the right partners are to work with in a cost-effective way. We have seen the number of families receiving EITC grow, and, as they grow, the foundation feels even better about its investment and the *return* on investment. So often as a foundation you believe in what you're funding, but not all programs are as measurable as this is.

Are there any EITC issues that you've been struggling with that you'd be interested to hear your colleagues and/or the field address?

Like my colleagues in the field, we have given a lot of thought to a path from EITC to asset building. I have not yet seen a way to effectively use EITC to help families move from a place of subsistence to one of asset building, but it could be that the economy is just so horrible that it doesn't make sense right now. We would be naïve to believe that a family that is struggling will be able to save their EITC toward a house. I would be interested in a better model for using the EITC as a way to help families build their long-term ability to sustain themselves and their children.

I also wonder if there is a way to use EITC as a way to encourage other kinds of income support. One of the things we certainly see happening is that jobs are created on two opposite ends of the spectrum – you either have a lot of education and get a very high-paying job, or have low education and end up in a low-paying job. Income supports are going to be increasingly needed, and I'm hoping that the EITC is a model that moves us toward being more able to understand that it's just what we're going to have to do as a society.