

EITC eNewsletter Funders Network

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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

The W.K. Kellogg Foundation

Bank of America

A Note from the Coordinator

Dear EITC Funders Network Members,

Last week, the U.S. Census Bureau released the latest poverty and health insurance figures. They reveal what we already know through our work with families across the nation—increasing numbers of families are facing economic hardship. Consider these staggering statistics from 2008:

- There were 39.8 million people living in poverty, an increase of roughly 2.5 million since 2007.
- At 13.2%, the poverty rate registers at its highest point since 1997.
- Some 5.7% of Americans—or 17.1 million—lived in extreme poverty with incomes below half of the poverty line.
- Nearly 1 in 5 children—14.1 million children—under the age of 18 lived in poverty, including 6.3 million who lived in extreme poverty.
- The number of uninsured Americans increased by 682,000 to 46.3 million.

The Earned Income Tax Credit, the Child Care Tax Credit and the Making Work Pay Tax Credit are all critical to helping low-income families make ends meet while staying out of substantial debt and rebuilding their savings.

Experience has taught us that families in need often have a difficult time accessing the programs and services that can help them—programs like the EITC. Your efforts to support EITC outreach and awareness, free tax preparation and asset building are more important than ever.

Moreover, in these difficult economic times, we need to be sure that resources are used efficiently and effectively through building on existing successes, targeting those in the greatest need, coordinating with colleagues and leveraging assets in the field.

The EITC Funders Network hopes to be a resource to you as you build and strengthen your EITC-related giving. Together, we can ensure that more families access these important programs. Please do not hesitate to contact us if we can be of any assistance.

Sincerely,

Ami Nagle
Coordinator
EITC Funders Network

Visit our website at:
www.eitcfunders.org

Upcoming Events

Webinars in Fall '09

- *Improving quality in free tax preparation sites*
- *Promoting the Making Work Pay Tax Credit among the self-employed*

Check the [EITC Funders Network Website](#) for the most recently updated event schedule

Community Foundations Survey

In hopes of better understanding the special needs of community foundations engaged in EITC outreach and free-tax preparation efforts, we are looking for community foundation staff to be interviewed. This "lessons learned" project will culminate in a paper and a webinar—please [click here](#) to participate!

EITC
Funders Network



EITC Funder Spotlight The Bank of America Foundation

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Why does the Bank of America Foundation support EITC-related work? Why do you find this a persuasive strategy? How does it fit into Bank of America Foundation's mission and goals?

As we've crafted our asset building strategy, we really have four core areas of focus. One is on youth financial literacy and helping youth grow into financially savvy adults. The bulk of our work, then, is focused on supporting working families by helping them increase their income, begin to save, and, finally, investing in building durable assets over the long term. It became clear to us as we looked at the research, and as we talked to other funders in the field, that the EITC was an incredibly important opportunity to harness federal dollars to spur financial stability. Although for some families it meant only a couple thousand dollars, that amount is extremely material to those families. So, not only is it an opportunity to increase income, but, more importantly, we think there's untapped opportunity to use that large return of dollars to begin a conversation about saving and asset building that can lead to behavioral changes. In that way, it is really kind of a door in. Tactically, we see it as a great way to put dollars back in the pockets of hard working families for whatever it is they need to do. But strategically, we have a view that, in working with this really terrific network of community based partners, we have an opportunity to make this less a "one time" transaction and more part of a broader strategic conversation about moving people out of poverty and into stability. Ultimately, I think Bank of America's most basic reason for supporting this work is enlightened self-interest. We believe that the health of our business is intrinsically linked to the economic success of the communities we serve, and when individuals and families are financially empowered to earn, save, build and sustain assets, our communities thrive.

About how much does Bank of America give to support EITC?

Bank of America is on pace to give about \$200 million total this year to all charitable causes. A significant portion of our giving is decided on at the community level by our market presidents. We have market presidents covering all our geography and they direct giving to respond to local community needs. In terms of EITC, specifically, we spend about \$1.2 million supporting our national partners, but it is significantly more when factoring in local support.

What kind of EITC-related work does Bank of America support? What are some of the different strategies? Why these?

(Continued on page 5)

Noncustodial Parents EITC Research:

Laura Wheaton and Elaine Sorenson of The Urban Institute conducted research on the potential national implementation of an EITC for low-income noncustodial parents, based on similar existing programs in the State of New York and the District of Columbia. If implemented, the program stands to reach as many as 645,000 eligible noncustodial parents with up to \$1.1 billion, increasing the post-tax post-child support income of those eligible by six to twelve percent.

You can find the full report at the [Recent Papers](#) section of the EITC Funders Network website.

NCTC National Meeting

The National Community Tax Coalition held its annual conference in San Antonio from August 31st to September 1st. They have updated their website with a wealth of content from the meeting—from slide-shows to presentation documents to videos of panels and speakers.

With a number of presentations directly related to the EITC, and many others containing useful and applicable concepts across the realm of tax outreach, the NCTC meeting proved an eminently useful resource for everyone in the field.

If you were unable to attend the conference, or if you want a reminder of the content therein, you can peruse it at your leisure by [clicking here](#).

HIGHLIGHTS FROM THE EITC FUNDERS NETWORK MEETING IN SAN ANTONIO

On August 30th, the EITC Funders Network met in San Antonio. This meeting provided participants an opportunity to learn about recent developments in EITC—and other tax policies—as well as the rules and regulations that guide advocacy.

Brookings Institution Delivers Research on Importance of EITC

At the EITC Funders Network Meeting in San Antonio on August 30th, Elizabeth Kneebone of the Brookings Institution presented her research on the role of the EITC in the campaign against poverty, its efficacy in that role, and the potential for the expansion of that efficacy both through outreach and legislation.

Among the presentation's many highlights:

- Federal expenditures for the EITC and CTC now surpass those of traditional anti-poverty tools.
- Filers claimed \$43.7 billion in 2006 through the EITC. The majority of these filers come from the southern U.S.
- Through a “multiplier effect” whereby dollars received through EITC are injected into local economies, low-income neighborhoods may effectively gain as much as \$18.4 billion as a result of the EITC.
- Only 75% of eligible filers claim the EITC.
- [This website](#) contains data useful in local outreach goal-setting. Click the “Money & Income” tab to find Brookings’ EITC returns data.
- The American Recovery and Reinvestment Act (ARRA) has positively impacted low-income workers—but it has left childless workers out of its expansions, representing about 17% of EITC filers.
- The Brookings Institute recommends that the EITC be expanded and overhauled to make it a more viable option for low-income workers.

Alliance for Justice Talks “Philanthropy and Policy Change”

(see pg. 4)

If you're interested in viewing the entire PowerPoint presentation in .PDF format, you can find it [here](#).

Presentation Highlights: “Philanthropy and Policy Change”

On behalf of the Alliance for Justice, Abby Levine presented information on helping tax-exempt organizations understand the legal boundaries of their advocacy and lobbying—the tools available to foundations and their grantees, and the rules that apply to their efforts.

More specifically, Ms. Levine talked about the important differences between public charities, charitable foundations, and private foundations. She described the different guidelines for each, clearly defined some of the discussion’s key terms (“lobbying,” for example), and identified ways to structure lobbying, grant-making and other funding such that an organization’s actions fully agree with its legal status.

Further highlights of the presentation included:

- A brief explication on the two types of lobbying—“direct” and “grassroots.” Direct lobbying, as the name would imply, is direct contact with a legislator pertaining to specific legislation. Grassroots lobbying is an attempt to communicate to the public regarding specific legislation, including a “Call to Action.” Importantly, a communication without a Call to Action is not classified as lobbying.
- Due to a tax on lobbying, it is essentially impossible for private foundations. Public charities and community foundations, though, may lobby if it can be proven to constitute an insubstantial part of their work.
- Private foundations can fund organizations that lobby through general support grants and specific project grants for non-lobbying portions of the program.

For the full PowerPoint presentation in .PDF format, please [click here](#).

Additional Statistics from the U.S. Census Report on Poverty and Health Insurance

- Real median income declined from 2007 to 2008 in every geographical region except the Northeast. In the South, it declined by 4.9%; in the Midwest, by 4%; in the West, by 2%.
- The increase in the poverty rate represented the first statistically significant increase since 2004.
- The family poverty rate went up by a .5% from 2007 and 2008, representing roughly an additional 500,000 families in poverty.
- The South had the highest uninsured rate of any region at 18.2%, followed by the West at 17.4%, and the Midwest and Northeast—both at 11.2%.

(Annika Little, continued from page 2)

We support three major groups: The United Way of America, the National Disability Institute and the National Community Tax Coalition. The United Way has been a terrific partner in their financial stability work. We were one of their first financial institution partners in that area, and as such we had the benefit of standing by their side when they originally launched that initiative. They've been efficacious in helping us reach lots of markets, and they've been fabulous at helping us standardize our learnings across markets.

We also work with the National Disability Institute, and there are a couple of reasons for that. One is that Bank of America has a very strong commitment to diversity and inclusion. We have an internal affinity group focused on disability issues. The group was established several years ago, and its mission is to provide support, information and resources for associates who are impacted by disabilities, either directly or through family, friends, clients, or their community. The group has expanded into many of our major cities nationwide. This was happening at about the same time we started to push funding toward the VITA sites and the EITC. Contemporaneously, the National Disability Institute approached us to support their Real Economic Impact (REI) tour, which is really increasing the take-up rate of VITA and EITC among the disability population. We saw it as an opportunity to not only use our charitable dollars wisely and in a way that would be effective, but also to align this charitable work with something that our associates are passionate about. It ended up being a tremendous marriage of the two.

The National Community Tax Coalition is also a great partner who we think plays an important role in supporting the community-based tax preparation field.

How does the Real Economic Impact tour work?

The Real Economic Impact tour works with the same community coalition members, largely, who are already part of the NCTC, but they're able to bring to the conversation those human service providers who have an expertise or specialty with disability. We work to increase awareness, because not only is the level of poverty among the disability population much higher, but the level of take-up among that population with the EITC and other benefits is much lower than in the general population. There's this huge gap. It's grassroots coalition building. It's about pairing the disability community with the community based tax prep coalition to increase access. So what we have seen year after year is, as a result of our funding, an increase in the number of people with disabilities who are taking advantage of these federal tax credits. It is a material, measurable impact. This partnership started pretty small, and it has really taken off. The message resonates in our communities and with our associates, and we are now touching fifty cities around the country with our dollars as part of the REI tour.

How did your relationship with the National Community Tax Coalition come to be, and what does that relationship entail?

We work closely with the National Community Tax Coalition. Our finding is that our local markets support many of the same organizations that are part of the NCTC. Many of our local Bank of America markets have been supporting access to EITC and VITA sites at the community level for years. I think that actually predated our national work. We recognized these pockets where markets were doing it, and it was very effective, especially from a volunteer perspective. In places where we have a large number of associates who have a tax expertise, we saw terrific associate volunteerism and engagement at tax time as well. I think it's really important to emphasize that point. That was one of the things that made our national support for this work so compelling for us, because supporting EITC was a way that we could marry our charitable dollars with the skills and the talents of our employees. In 2008, our associates volunteered more than 3,500 hours, resulting in over \$162 million dollars in tax refunds, including the EITC.