

# Assets Matter

## Expanding Earned Income Tax Credit Outreach Through 2-1-1

The Earned Income Tax Credit (EITC) is the largest and most effective federal aid program for the working poor. Enacted by Congress in 1975 to offset the burden of social security taxes on low-wage workers, the credit has been widely praised for its success in supporting work and reducing poverty. Five million people, half of whom are children, escape poverty each year as a result of the EITC. In 2003 alone, more than 21 million people claimed the EITC, returning \$37.5 billion in income to low-wage workers.

Despite the significant benefits it provides, the IRS estimates that 4 million eligible individuals annually fail to file for the tax credit, forfeiting an estimated \$2.9 billion dollars in EITC income. Others claim the EITC, only to lose a significant portion in tax preparation fees and costly refund anticipation loans (RALs).

Assets for Family Success™ is an initiative of the United Way of America (UWA) designed to achieve community impact by improving the economic well-being of lower-income working families through asset building.

The initiative focuses on linking key asset building tools to create a comprehensive strategy that empowers individuals to make economic choices that provide long-term benefits for themselves, their families and their communities.

As part of the Assets for Family Success™ Initiative, UWA is examining the existing roles that local United Ways are playing in EITC campaigns in order to develop tools and resources that will help to increase the number of United Ways involved in EITC campaigns and deepen the engagement of those currently leading or participating in EITC campaigns. This engagement will ultimately result in richer involvement across the United Way system that will positively impact the financial well-being of low-income families across the country.



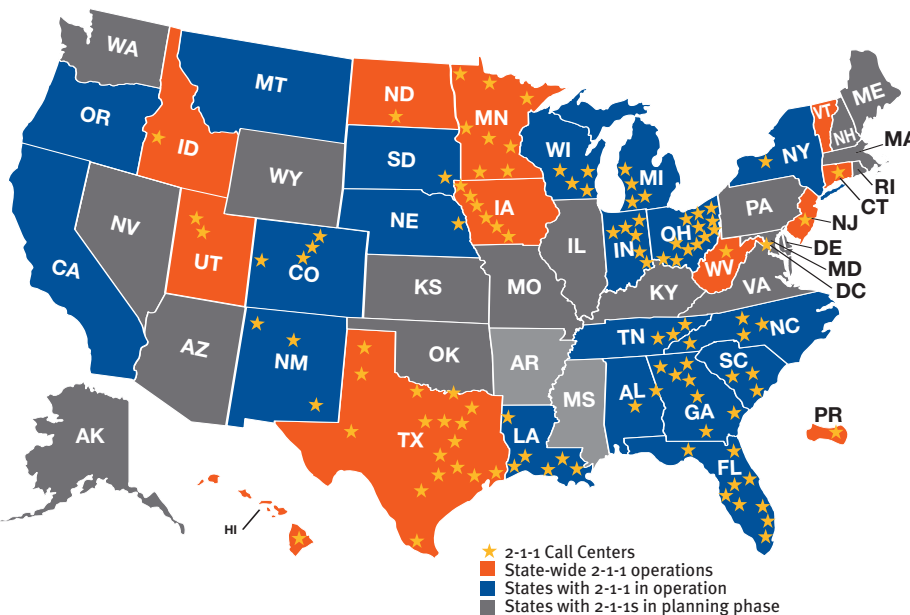
Recognizing the EITC's potential economic impact on families and—by extension—community, organizations nationwide are working together to initiate outreach and free tax prepara-

tion campaigns to ensure that families receive the full amount of the credit that they have earned.

According to data from UWA and the IRS, local United Ways participate in over 40 percent of the 271 EITC campaigns throughout the country serving hundreds of thousands of individuals each year—more than any other national network. Though an impressive effort, there are millions of families who are not reached by these campaigns, and consequently do not have access to the services necessary to help them file for the EITC. 2-1-1 could help to close that gap.

2-1-1, the national information and referral number championed by UWA, presents a significant opportunity to increase communication about tax preparation assistance sites, and consequently, increase EITC filings. Similar in operation to 9-1-1, 2-1-1 has been designated by the Federal Communications

### States with 2-1-1 Call Centers



Commission to provide callers with information about and referrals to local health and human service providers, government agencies, and community-based organizations.

Today, 2-1-1 reaches approximately 108 million people in 31 states, the District of Columbia, and Puerto Rico (37% of the population). By 2006, each state will likely have at least one 2-1-1 system in place, making it an excellent vehicle for expanding EITC outreach to millions more lower-income families across the country. In states where it is currently available, 2-1-1 is employed to widely disseminate information about the EITC and local tax assistance sites.

2-1-1 callers can access information about

- ✓ The eligibility criteria for the EITC
- ✓ The location and hours of tax assistance sites in their community
- ✓ The language(s) in which tax preparation services are offered
- ✓ The list of documents needed
- ✓ Referrals to other applicable services, such as Food Stamps or credit counseling and repair

Going forward, 2-1-1 could be used to recruit volunteers for free tax preparation efforts or to increase participation in asset-building programs by referring callers to financial education or Individual Development Account (IDA) programs in their areas.

**For more information about 2-1-1, or to find out if there is a 2-1-1 call center in your area, contact:** Kelly Levy, Director of 2-1-1 at [kelly.levy@uwa.unitedway.org](mailto:kelly.levy@uwa.unitedway.org) or 800.892.2757 ext 211. [www.211.org](http://www.211.org)

**For more information about United Ways and the Earned Income Tax Credit contact:** Emily De Maria, Director of Community Impact Initiatives at [Emily.DeMaria@uwa.unitedway.org](mailto:Emily.DeMaria@uwa.unitedway.org) or 800.892.2757 ext 250. [www.national.unitedway.org/eitc](http://www.national.unitedway.org/eitc)

The United Way of Palm Beach County, Florida partnered with the local 2-1-1 during its 2003 EITC campaign to provide callers with information about free tax preparation sites in the area, including hours of operation, language(s) spoken, and appointment requirements.

2-1-1 helped the United Way to save precious financial resources by minimizing the need for in-depth marketing materials. Instead, their materials instructed individuals to call 2-1-1 for the latest information about eligibility requirements and tax preparation sites.

The United Way partnered with the IRS to train 2-1-1 operators to provide information about the EITC eligibility requirements and a list of documents they needed to bring to tax preparation sites.

Between January and March, 2003, 2-1-1 received over 4,400 calls about the EITC. Using 2-1-1 as core EITC campaign tool also helped to market 2-1-1 more broadly as a community resource.

The 2-1-1 Info Bank in Salt Lake City, Utah goes beyond the provision of basic information and referral services to identify community problems and provide information and services that prevent the perpetuation of those problems. Recognizing that more and more callers needed assistance with rent and utility bills, and that only 20% of income-eligible residents claimed the EITC, 2-1-1 joined the United Way of Salt Lake, the IRS, and others to form the GAIN Coalition (Growing Income and Assets Now) to improve access to tax filing assistance, increase the number of tax payers claiming the EITC, and improve the financial stability of Salt Lake Residents.

The coalition built their outreach campaign around 2-1-1, featuring it on thousands of fliers, hundreds of newsletters, ten billboards, and several PSA's. Callers receive information about EITC eligibility and the locations and hours of local tax preparation sites; they can also schedule an appointment at one of the sites through the 2-1-1 operator. The operator then transfers the caller to a recorded message listing all of the documents they need to bring to their scheduled appointment. The coalition partners also incorporated other asset building strategies into the campaign, offering savings accounts that could be opened over the phone in order to directly deposit EITC refunds and referrals to financial literacy and credit counseling programs.

As a result of the coalition's efforts, the number of EITC-related calls to 2-1-1 increased more than 500% and Salt Lake's low-income families saved \$200,000 in tax preparation fees and received more than \$2 million in federal EITC refunds.

Going forward, Salt Lake City's EITC coalition plans to integrate longer-term asset accumulation strategies into their campaign by partnering with America Saves to offer IDAs to all eligible tax filers visiting free tax preparation sites. This component will be up and running for the 2006 tax season.