



U.S. Department of Health  
and Human Services  
Administration for Children  
and Families  
Office of Family Assistance

[www.fatherhood.gov](http://www.fatherhood.gov)

## NRFC Technical Assistance Webinar



“EITC: A Resource for Fathers and Families”

**Moderator: Ron Clark**, NRFC Director of Training and Technical Assistance

**Presenters:**

**Michael A. McBride**, Chief, Educational Institution, Government Agency and Tribal Government Partnerships Wage and Investment Division, Internal Revenue Service

**Tiki Windley**, Program Manager, MDC Inc.'s Earned Income Tax Credit Carolina's Initiative

**Jean Hunt**, Campaign for Working Families

**Thursday, March 20, 2007**

**Webinar Transcription (provided by Global Crossing)**

Operator: Ladies and gentlemen, thank you for standing by and welcome to the National Responsible Fatherhood Clearinghouse Technical Assistance Webinar conference call.

During the presentation all participants will be in a listen only mode. If at any time during the conference you need to reach an operator, please press the star followed by the 0. As a reminder this conference is being recorded Thursday, March 20, 2008.

I would now like to turn over the conference to Mr. Ron Clark, Director of Training and Technical Assistance. Please proceed.

Ron Clark: Hello. My name is Ron Clark and I serve as the Director of Training and Technical Assistance for the Federal office of Family Assistance National Responsible Fatherhood Clearinghouse and I would like to formally welcome you today to today's webinar.

As you are aware, today's webinar is entitled EITC: A Resource for Fathers and Families. Today we have with us three extremely knowledgeable and experienced presenters and practitioners who will introduce and provide an overview of the IRS Earned Income Tax Credit as a resource for fathers and families enrolled in OFA's Promoting Responsible Fatherhood programs.

I highly encourage you to pay attention, take notes and send in your questions. A special note: please consult with your federal project officer prior to making any programmatic changes. For your information this TA webinar series represents one of many products and services our technical assistance team has to assist your efforts to provide effective, responsible fatherhood program services in your communities. I highly encourage you to contact us for all of your TA needs. The contact number, as always, is 1-877-4DAD-411 or you can always email us at [info@fatherhood.gov](mailto:info@fatherhood.gov). We stand ready to help you succeed.

Okay. Prior to the presentation today, I want to take a minute to make you aware of new additions to the OFATA Process and the OFATA team for promoting responsible fatherhood grantees. In an effort to increase your capacity to provide the most effective and efficient program services to fathers and families, OFA has added the following contractors to its team: Macro International, Center for Urban Families, James Bell and Associates. Also here we have made a more convenient way for you to access Technical Assistance services so we want to talk a little bit with you up front about the TA process that has been added.

As you are aware, TA assistance is special support that OFA offers grantees via experts during the course of program implementation. And please draw your attention to the screen. TA is provided by NRC, as was stated earlier, Macro International and the Center for Urban Families and James Bell and Associates. To request TA, complete and submit the online form and that form is located at [www.fatherhood.gov](http://www.fatherhood.gov). Once you get to that site, you can also click on Grantee Resources and then you will be able to click on Technical Assistance. Once your TA request is received, you will receive a confirmation email.

Within five business days, you will be contacted by a member of the TA team to schedule a conference call.

And what type of technical assistance services are we providing? They come in two forms. One being programmatic, which will be provided by Macro International and the Center for Urban Families and the second being evaluation support, which will be provided by James Bell and Associates. And what we have before you today are the actual uses of TA and also the types of TA that will be provided.

Venues for TA. Macro/Center for Urban Families will utilize individual, one-on-one technical assistance visits, regional, group-based technical assistance, conferences, workshops and presentations, email and telephone assistance and follow up and they will provide TA on the following topics: outreach and recruitment, enrollment and engagement, retention and completion, staff training and development and so forth.

And please, again, contact us at 1-877-4DAD-411 for all your TA needs. With regard to evaluation TA through James Bell and Associates, JBA uses site visits, teleconferences, webinars, email changes, exchanges rather, individualized telephone consultation, conference workshops and presentations, written evaluations and they provide TA on the following topics: logic models, developing evaluation plans, operationalizing outcomes, identifying developing data collection instruments, appropriate data analysis and data tracking forms.

AT this time we will return to our normally-scheduled webinar and Jen McHenry will provide information on the Q and A process. Hello Jen.

Jen McHenry: Thanks, Ron. I'll just go over quickly with everyone how to ask questions during the webinar. If you have a question at any point during any of the presentations, you can type it in this bar at the bottom of your screen. If you have a question, you do not have to wait until the end. Just type it in and submit it to us. You'll get a response that says, "Thank you for your question. It's been submitted to the moderator." This allows you to ask a second question, so please if you've got more than one question, ask as many as you'd like and we will answer as many as we can after all of our presentations have been completed.

And if for some reason we do not get to your question, please submit it to your project officer or you can email the clearinghouse at [info@fatherhood.gov](mailto:info@fatherhood.gov) and we will get you an information as soon as we can. Thank you and enjoy the webinar.

Ron Clark: Thank you very much, Jen. And again, I would highly encourage you as I do each month, that you send in your questions early just to increase the chances that your question will be answered online here. So again, we want to encourage you to send in your questions to kind of get your questions answered here during today's webinar

and so your questions will actually benefit a lot of other individuals who are thinking the same thing.

Today's speakers, we have three experts here. Our first presenter will be Michael McBride. Michael serves as the chief of the Educational Institution, Government Agency and Tribal Government Partnership Wage and Investment division of the Internal Revenue Service. A graduate of Georgia State University, Mike is a Certified Public Accountant that has been employed with the IRS since 1970, serving 26 of his 36 years of credited service in the examination division. As chief Educational, Government and Tribal Partnerships, Mike works to build and maintain partnerships with key organizations in these areas.

Mike concentrates on building capacity that brings the Earned Income Tax Credit, free tax return preparation and literacy programs to lower-wealth citizens. Mike is the national project manager for the IRS Rural Strategy and the national project manager for the IRS Asset Building and Financial Education Strategy. Welcome Mike.

Michael McBride: Thanks a whole lot, Ron, and before I get started I'd like to thank everyone at HHS for just this opportunity to talk to you for a few minutes about the Earned Income Tax Credit and the Economic Stimulus Payment Credit also that's going to happen this year. I will spend the next 20 minutes or so talking about those two.

Just to give you a little background, I'm with the Internal Revenue Service, the Wage and Investment division of the IRS and we're the kind of education outreach assistance communication part of the Internal Revenue Service. And the Wage and Investment division- approximately 125 million taxpayers, who primarily receive their income from W-2s filed in 1040 tax returns. When you contact the Internal Revenue Service, whether it's by telephone or by mail or if you walk into one of our offices, you encounter a Wage and Investment employee. So we like to say that we are your first point of contact with the Internal Revenue Service.

I'm a national relationship manager and, as Ron said, I spend all my time building capacity and partnering with all groups that have as their sole mission or one of their missions, the betterment and improvement of the lives of lower-wealth American citizens. That's why I'm really, really happy to be on this call with you.

So, as we get started, I'm going to talk about a tax credit that is a very, very powerful anti-poverty tool and that will probably avail itself to our shared clientele and if our shared clientele is the lower-wealth American citizen that maybe you serve through the National Responsible Fatherhood Clearinghouse or through the Responsible Fatherhood grantees then this credit will really be of tremendous use to them and I hope you find this information really, really useful.

So as you look at the screen, the first slide states, "Using Tax Credits as a Catalyst of Family Economic Success: A Gateway to Self Efficiency" and that's what we like to call the Earned Income Tax Credit. That is, it is exactly that. It's a catalyst of family economic success. Okay. The next slide- we'll take a look at it. What federal tax credits benefit low income families? There are two major credits that benefit low income families. The Earned Income Tax Credit and the Child Credit and I'm going to spend most of my time talking about the Earned Income Tax Credit or the EITC, as it's commonly referred to.

The EITC is a federal tax benefit to help low- and moderate-income workers increase their financial stability. And it's also a fully-refundable credit so if you have a paper copy of this presentation in front of you right now, I'd ask that you put a big check mark by "fully refundable." Fully refundable means that any credit available after the taxes are offset is refunded.

That is, let's say in a perfect world, if someone had \$10 worth of withholdings, and then they had a tax liability of \$10, those two would cancel each other out. But if they qualify for the Earned Income Tax Credit, which could be up to about \$4,000, then the IRS or the United States government would send them a check for \$4,000. So fully refundable is a very, very powerful anti-poverty tool and again that means that once all the tax liabilities are satisfied on that tax return, someone still gets the credit and they still get a refund. Very, very powerful. Or if they absolutely owe no tax, and they qualify for the credit, they would receive the full amount of that credit.

The Child Tax Credit is \$1,000 for each qualifying child. It's partially refundable, which means that in some instances it goes below zero, but the key thought to leave you with on this section is that working families, that is fathers, mothers, joint couples,

can receive both the Earned Income Tax Credit and the Child Tax Credit in the same year. That is they're mutually inclusive; they're not exclusive, they're mutually inclusive.

The EITC was enacted by Congress in 1975, so it's been around for a long time. The credit was first enacted to reduce the tax burden on low-income workers. That is, to offset the negative effect that payroll taxes, those deductions you commonly know as FICA, FUDA and all of that have on low income workers. It supplements wages and it makes work more attractive than welfare or the old TANF, I mean the old welfare and the current TANF as you know it.

The next slide really gives you a comparison of the size of federal programs and, as you can see, the Earned Income Tax Credit is the largest, largest federal anti-poverty tool in the federal government. Congress saw fit to put this in Title 26 of the United States Code, which is the Internal Revenue Code, but it could have been given to the Department of Agriculture to administrate food stamps, it could have been put along for HHS to administer with TANF or some other programs but it was put in the code for the Internal Revenue Service to administer because Congress wanted to make work more attractive than welfare and it wanted everyone to receive some credit or some benefit, even though they had low wages for their work.

And as I move through this, you'll see how incredibly powerful this tool is and why I'm really excited and hope you will take this back and, if your grantees qualify, you'll want more information and you'll pass this information out to all of them.

The next slide, how does the EITC reduce tax burden on low-income workers? Well, if you look at a single parent, whether it's a single father or a single mother, and if they have two or more children, if they have a job that has an annual income of \$10,702, they would pay social security tax. Everyone just about has to pay social security tax. They wouldn't owe any income tax but if you look at the far right corner, they would qualify for \$4,312 of Earned Income Tax Credit. \$4,312. So in this sense, they would absolutely owe no tax but the Internal Revenue Service, through the United States government would send them a check for \$4,312. That's what fully-refundable means.



So some of you are probably saying, “Gosh, why didn’t I know about this before?” Well just hold that thought. \$4,312. If the income increased to \$14,500, they would still pay social security tax. You can’t avoid paying the approximately 7.75% social security tax, still owe no income tax, but they would receive a check from the federal government for the earned income tax credit of \$4,824. And then if the income went to, say \$18,000. Then they have, you know, an entry level job or something like that, social security tax would be \$1,432, income tax would be \$212 but after that income tax bill was satisfied they’d still get a check for \$4,022.

So that’s how it reduces the burden of the payroll tax on the wages of the low income people and that first illustration where someone made \$10,702, that’s approximately ½ of their annual income. And this happens in a lot of situations.

The next slide, out of the EITC soft net wages. Well, a kind of good analogy, a good comparison is if someone had one child and they were working and they made \$5.85 an hour, which is- that happens. If they received the max amount of Earned Income Tax Credit, that’s like making \$7.31 an hour. If they had two or more children and qualified for the maximum amount and they made \$5.85 an hour then it would be synonymous with making \$8.26 an hour.

Okay. Again, someone must have earned income to qualify for the credit. There’s no doubt about that and the results show that it’s generally single mothers that receive a lot of the Earned Income Tax Credit.

A few EITC facts. The credit is an amount up to \$4,824 for working families with less than \$41,000 in income for 2008. For the first key number for you to remember is that, you know, the credit could be \$4,800. It’s on a sliding scale of income from \$0-41,646. For the other limit, if someone made \$41,000, they wouldn’t qualify, but between \$0-41,600 they would qualify. And hopefully this is the shared clientele that you’re working with also.

Over 22.4 million working families and individuals receive \$43.7 billion in EITC refunds during the year. \$43.7 billion. And as I mentioned early, the Earned Income Tax Credit lifts more children out of poverty than any other social program that you

can think about. Any program. More than TANF, more than food stamps, more than anything else.

How does EITC work? If you look at this little graphical depiction, that top line, the heavy blue line, if you're looking at it in color, if you have a printed copy. The top line that has \$4,824, that's the max amount of credit for someone that has two or more children. On the left axis is- you'll see the amount of the credit and on the right axis- I'm sorry, the bottom axis is income. So as you move from left to right, as income increases from zero, the credit increases. As income hits about \$10,000 and then proceeds on to the right you can see from about \$10,000 to approximately \$15,000, the credit is \$4,824. And then after about \$15,000 as income increases, the amount of credit decreases until it phases out at that \$40,000 mark I mentioned earlier.

So someone with two kids would receive about \$4,824, the middle line, broken line, someone with one kid would receive \$2,917 and then single persons, we're not that concerned with- it's not that we're not concerned, but they don't have the greatest need so they would only receive \$438 maximum credit over a narrower range.

The next slide. The EITC lifts 4.9 million people, including 2.7 million children above the poverty line. I mentioned that earlier and this little graphical depiction just shows that income with the Earned Income Tax Credit- how it goes over the poverty line.

Why is there a need for action around Earned Income Tax Credit? And you may have this question in your mind. Mainly because many eligible workers fail to claim the credit. Many, many lower-wealth or lower-income people just don't know that they qualify for the credit. They just don't know that. So we work really, really hard to work with community-based organizations to get the word out.

And then a high percentage of those EITC returns that are filed are filed through paid preparers and the individuals pay a huge amount of money to get those returns prepared, whereas with the Internal Revenue Service, as you will hear later in the presentation through some of our partners, they can have those tax returns prepared free of charge and preserve the full integrity of their EITC refund. And that's what I live and spend a lot of my time- helping put together those organizations, those

coalitions that will help prepare those returns free. Individuals can see the full amount of that credit.

So lower-income individuals, people that probably were on welfare, TANF, larger families and those that have English as their second language are those that generally, you know, use the credit the most or are new to the credit. With the Internal Revenue Service, we use what we call community-based coalitions and those coalitions are just groups of individuals or groups of community-based groups in the city or given geographic area that pool their resources and perform awareness and education about the credit because a lot of people don't know through free tax return preparation of those very simple Form 1040As.

And then, while they have the lower-wealth individuals in the office also give them information, guidance, assistance and classes on asset building. I like to say the Earned Income Tax Credit can be that first leap toward intergenerational transfer of wealth versus the intergenerational transfer of poverty. So awareness and education can be through social service agencies, nonprofits, employers and the media.

This next graph just shows who has heard of the credit the most and who has heard of it the least and, as you can see from the graphic there, the Hispanic population, English as a second language, are those that have heard of it the least and used it the least. This was prepared by the Brookings Institute.

Free tax return preparation involves, and you'll hear about this more through the presentation also from some of the other presenters, volunteer tax prep sites. We call them VITA, Volunteer Income Tax Assistance sites, where we prepare returns electronically. We love electronic-filed returns at the Internal Revenue Service. Don't care a whole lot about paper mainly because electronic filing is just so much more efficient and the main emphasis is on the Earned Income Tax Credit and the Child Tax Credit for lower-income individuals.

Low-income taxpayers are likely to use paid preparers and spend much, much more of their money on refund anticipation loans, which degrades the value of the credit and it takes money out of their pocket. So we would like for you at the National Responsible Fatherhood Clearinghouse to spread the word and, after these



presentations, tell everyone they can come to some of our free sites and get those tax returns prepared for free.

The next slide. Most individuals spend about \$200-250 having those tax returns prepared at a paid preparer when that could be money in their pockets if they partnered- or if they came to some of our partners and had their tax returns prepared free.

Volunteer Income Tax Assistance at the VITA sites is free tax assistance offered by organizations that prepared about 2.62 million tax returns through our partners and mainly- definitely through our partners. Organizations help with space, computers, volunteers. The IRS contributes training, software, tax expertise; we kind of hold a high ground on the tax law. Our returns are e-filed for accuracy and receive fast tax returns. And we pride ourselves on saying that customers receive the tax credit they're entitled to free of charge. And the volunteers find the service very, very, very rewarding.

Asset building can be any number of programs and our partners initiate those asset building programs. It could be as simple as teaching someone the basics of the difference between compound interest and simple interest, how to balance a checkbook on through some very, very complex asset building techniques. So financial institutions partner with us, they do financial literacy training, savings and checking account repair, home ownership program and Individual Development Accounts.

We have a need for this, especially asset building because 22% of families with less than \$25,000 really don't have a bank account at all. They depend on check cashers, petty loans, refund anticipation loans and all of that and they lack home ownership. Unlike a lot of people, if you bank at one bank and you have all of your business there, you get a discount on some of the service they provide. But lower-wealth individuals, if they use check cashers, take all of their business there, they have the privilege of paying a higher amount for that service. So the asset building component is very, very important.

So again, it's a three-pronged approach with our partners. Education and awareness, free tax return preparation to preserve the integrity of that Earned Income Tax Credit and then asset building also.

And this next slide just describes our asset building model. Overcome the cycle of poverty, use that EITC refund as a catalyst for change. If someone didn't know they were going to receive that credit and they receive \$4,000 credit; rather than spending it all on a big screen TV our partners like to provide some type of education on that also.

So linking all the pieces together. Outreach- what could you do? Outreach, for sure, to your clientele that you serve. To reach all the families and let them know about the credit, free tax return preparation at some sites to help them preserve the value of the credit, and then asset building also.

Why does the IRS- you may be just a little bit shocked by why the IRS is interested in community-based coalitions and doing this. We definitely would like everyone that's eligible for the credit to receive it. We like to partner with groups that have that shared mission to assist working families. And that third bullet- generally some lower income individuals have a fear and mistrust of the government in general but for some reason that I don't understand they have a fear and mistrust of the IRS specifically. So we need trusted organizations like you to help us get the word out to do this and trusted organizations like you'll hear from some of our presenters later on also.

So what can you do? Use your contact with low-income individuals to education them about the EITC. Maybe work with us, work with some of our community-based coalitions to provide free tax return preparation, incorporate asset building and financial literacy to use that Earned Income Tax Credit refund and then join a community-based coalition also, which are all around the country.

That next to last slide has some resources. If I'm going through this real, real fast you can go through those resources also and determine- you know, read the additional information about this. As always, you can go to the Internal Revenue Service Web site at [www.irs.gov](http://www.irs.gov), click on Individuals and click on Partnering and everything I've said will be there also.

Now last but not least, that's my contact information. So that's kind of the extent on Earned Income Tax Credit. A powerful anti-poverty tool. And the next slide that I'm going to talk about, the next presentation is going to be on the Economic Stimulus Payment Package that Congress recently passed and that the IRS is in the middle of implementing right now.

And it's very important I answer this- a little bit of time to tell you about that because there is a specific population that we'd like to reach on that also. So I believe Ron will kind of load up that next slide- next I believe. 4.1 I believe. It's coming. So while that's loading up, just in case I get a little bit excited and I run out of time because I'm getting close on the time I believe. What is the economic stimulus? Let me just jump right into the conclusion first and then I'll go through the slide real quickly.

The United States Congress passed and President George W. Bush signed into law the Economic Stimulus Act of 2008, which provides economic stimulus payments to over 130 million taxpayers. If you file a tax return in 2007- for the year 2007, somewhere between January 1, 2008 and April 15, then you don't have to do anything else. Just based upon the filing of that tax return, the IRS will automatically compute what that rebate or that stimulus payment will be to you and then we'll start sending checks out sometime in May.

But also a component of that is individuals that have earned income from Social Security payments, Railroad Retirement, veterans' benefits or non-taxable combat pay, they also qualify. They normally wouldn't file a tax return but they qualify also. So they have to file a special tax return. So I'll talk a little bit about that also.

So the key messages I would like to leave with you is file your tax return as soon as possible for 2007, to make sure you receive the economic stimulus payment. And if you don't have an obligation to file or if you work with people through the grantee program that don't have an obligation to file but yet they receive Social Security benefits or Railroad Retirement or veterans' benefits, make sure the word gets out that they file also.



So just go through the slide real quick. We've embarked upon a very, very- just tremendous outreach campaign helping individuals receive the Economic Stimulus Payment. It was passed by Congress in January of 2008, as I said before, 130 million American households will receive the payment starting in May of 2008 and continuing through the remainder of 2008.

Who is eligible for the stimulus payment? Individuals with a valid social security number, that is, you have to have a social security number. Can't have a taxpayer identification number also commonly known as an ITIN. You would have to file a 2007 tax return, have to have a net tax liability or at least \$3,000 of what we call earned income and qualifying income and the Social Security benefits and all that serves as qualifying income.

And that's the next slide. What is qualifying income? Earned income generally in the form of wages or net self-employment. Earned income does not include dividend income, interest income, capital gains or what we call passive income; income that you received just by the passage of time. Social Security benefits reported on the 1099-SSA does qualify. Supplemental Security income, SSI does not qualify. I'm sure that's a big distinction for you.

How much are the Economic Stimulus Payments? Minimum of \$300 for those and then \$600 for those that file a joint return. And then there's a maximum of \$600 or \$1200 for those who file- married filing a joint return and an additional \$300 for each qualifying child. And real quickly, a qualifying child is someone that can be claimed as your dependent and they're under the age of 17.

How does an individual receive the Economic Stimulus Payment? As I said before, file a 2007 tax return by the due date of October 15. October 15 is the last day of extension for a return and you'll automatically receive it. Okay. And then the IRS will make the determination and you'll receive- the individual will receive the payment.

Okay the next slide didn't click. Bear with me. There we go. You can file electronically or you can file a paper return. Electronic is always better, without a doubt. Okay some individuals, again, those that qualify to receive the payment but don't- you have to file a tax return but if you don't have a filing requirement, if you're receiving Social

Security income or retirement from the Railroad Retirement Act or something like that, they still need to file a tax return to receive that payment.

So they can file a 1040A and just write the word “economic stimulus” on the top of the 1040A, write in the name, address and social security number in the appropriate box and check the filing status that applies, input the earned income on Line 7 and then input the Social Security benefits on Line 14 and the real nice thing about this- Congress put into law (unintelligible), if they’re an older individual and they can’t remember exactly what the Social Security amount is, then just multiply the monthly benefit by 12 and estimate it.

And put the non-taxable combat pay, if it’s a soldier, on Line 40B. And if someone wants direct deposit, fill out the direct deposit information on Line 44B and 44D and I strongly recommend direct deposit because those that use direct deposits will receive those payments in May but those that are not using direct deposit won’t come until maybe June or July. And that’s it. Just file the tax return.

So that’s a little bit of information about the Economic Stimulus Payments and the Earned Income Tax Credit. And if there are any questions afterwards, I’ll be around. Or, you know, feel free to contact me at that contact information. And the last piece of advice, any question about what I said, be sure to go [www.irs.gov](http://www.irs.gov), click on Individuals and all- everything I just said is posted on the Web site.

Ron, I think my time is about up.

Ron Clark: Yeah. Mike, I just want to say I really appreciate the very informative presentation regarding the Earned Income Tax Credit and the Economic Stimulus Payment, rather, and I just see a lot of great resources that can be provided to our participant community; fathers and families and especially low-income fathers and families. So I really just look forward to our awardees, grant awardees programs, you know, really helping to get the word out about these very two great resources.

Michael McBride: Well thanks a lot Ron.

Ron Clark: Yeah, thanks very much. And I also look forward to the Q and A session. I'm sure that will bring out a lot of great questions. Okay. Time is of the essence here. We want to make sure that we get through the three presenters we have today and they are excellent presenters, have a lot of great information, very, very, very experienced and highly regarded in their fields.

The next person is Ms. Tiki Windley. Tiki Windley is the program manager for MDC's Earned Income Tax Credit Carolinas Initiative. While still a college student, Tiki served in an administrative capacity at River City Community Development Corporation and quickly realized her calling; the nonprofit world.

She subsequently moved to Greensboro, North Carolina to work as an operations manager for Gates City Community Development Corporation and then returned to her family home in Belhaven, North Carolina, where she began work at the community development of Beaufort Hyde and was afforded an opportunity to serve in a number of roles including fiscal director, assistant executive director and program coordinator.

In the last position, she taught financial literacy at the local high school and administered family self-sufficiency programs, including free tax preparation for families in need. Her educational background includes a Bachelors of Science in Business Administration with a minor in Economics and Finance. Welcome Ms. Tiki Windley.

Tiki Windley: Thank you so much. One of the things that I failed to mention in that opening statement is that I'm also the proud mother of two beautiful children, (Dorian) and (David) and I think, most importantly, is that I am a single mother. So I do understand a lot of what the clients that you all serve are going through.

So I am scheduled to talk about the EITC, which Mike has already covered pretty much. But, as he said, the Earned Income Tax Credit is a federal credit designed to make work pay by providing low- and moderate-income families earning less than \$39,783, which is applicable for the 2007 tax season- a credit on their earned income. So it was first enacted in 1975 and has had long-standing bipartisan support.



I can speak specifically about North Carolina, my home state. In tax year 2004, 733,000 working families, more than 18% of our taxpayers filed for the credit and received a total of \$1.3 billion; an average of \$1,735 per family. And I fortunately was one of those families receiving the Earned Income Tax Credit.

And this information I took directly from the IRS's helpful Web site, tax information for non-custodial parents. Do you pay child support? Child support payments are not tax deductible by the payer and they are not taxable income to the recipient. Paying child support does not necessarily entitle you to a dependency exemption. And if you do have a child as a dependent, generally a child must live with you for more than six months to be claimed as a dependent, must be a citizen, have a valid social security number. In the situation of divorce there are special rules that apply.

Since- if you have been divorced since 1985, a divorce decree could provide the dependency exemption to the non-custodial parent if the decree of separate maintenance agreement was not specific, the non-custodial parent must have a specific form, IRS Form 8332, which is a release of claim to exemption for divorced or separated parents or a statement signed by the custodial parent, which has to be attached to the return each year.

And if you were divorced prior to '85, all the non-custodial parent needs is the permission given in the decree and to provide \$600 in support for the subject child. And Mike, I hope if this is incorrect you'll please let us know at the end of this.

Never-married taxpayers who live separately should also use Form 8332 when the custodial parent is granting permission for the non-custodial parent to claim the child. If you reside together the tie-breaker rule will apply if no mutual agreement can be reached between the parents.

So I know a little bit more about the EITC, the Earned Income Tax Credit, which is a refundable tax credit for low- to moderate-income taxpayers, who either have custody of one or more children or have very low income. A non-custodial parent cannot claim the EITC for a child that has been given permission to claim as a dependent by the custodial parent and the income levels to claim the Earned Income Tax Credit fluctuate each year as well as the amount of the credit awarded.

The IRS will request documentation such as school records, birth certificates or medical records to verify the eligibility of a child claimed by more than taxpayer.

The Child Tax Credit is a little different because you may be- you must be entitled to claim a dependency exemption for a child under the age of 17 by year end to be allowed the Child Tax Credit. If you are due a federal tax refund but have not paid certain debts such as child support, back taxes, state back taxes, all or part of your federal refund may be applied to these unpaid debts.

The financial management service will offset your refund and forward it to the agency to apply it to your debt. And I know this firsthand, so trust me they will find you. Some past due child support payments are assigned to the State when a custodial parent receives various state benefits. In this instance the custodial parent may not receive past due child support payments directly.

EITC Carolinas, the group that I work for, is a program of MDC and we support community organizations in North and South Carolina to help low or moderate income working families to reclaim and keep their earnings by providing free tax preparation services through IRS-approved VITA sites- Volunteer Income Tax Assistance sites. We provide asset building help through financial education, savings opportunities and Individual Development Accounts or IDA programs that enable EITC recipients to become more economically secure.

We publicize the Earned Income Tax Credit through our work with local campaigns and the mantra that MDC always states and repeats is that “education plus work plus assets provides a pathway to opportunity.”

Free tax preparation program is important because programs that are targeted to low-income taxpayers who may not have the resources or the knowledge to file their own taxes. Many low-income taxpayers do qualify for refunds as well as refundable tax credits, but aren’t aware of it. The Earned Income Tax Credit is especially important for working families because it does lift almost five million people out of poverty each year, including 2 ½ million children.



Yet, because they don't know how to file or are unaware of their eligibility, many low-income workers fail to file and claim substantial refunds, which can average over \$1,000 per family. The IRS estimates that 15% or more of EITC refunds are unclaimed by low-income families. That's \$2.7 billion each year.

If you all decide to start up a VITA program, VITA programs are- they provide tax programs- services for free, but there are real costs associated with running these programs. Many VITA programs operate without any real substantial funding other than general operating funds. A modest amount of funding can make a difference and one of the biggest benefits can come from hiring a part-time person to handle the day-to-day coordination of your VITA effort and that person would probably be your site coordinator.

On December 26, President Bush signed the federal government's 2008 budget bill into law and included in that package an \$8 million allocation to establish and fund a matching grant program for community tax preparation organizations. It is a matching grants program and will be administered by the IRS 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 first year of establishing of a VITA site, in getting started, is really spent on establishing and building awareness, which involves setting up partnerships, finding and training a core of volunteers, publicizing the program and establishing a basic process at that site. Years 2-5, you want to build and grow what you've already started and from Year 6 on up you really want to sustain your operation.

Choosing your location and hours of operation are key to the success of your VITA program. You want to choose a location that's convenient, accessible and friendly to the people you want to serve and meet the needs of the clientele you also want to serve. You want to make sure it has adequate parking, that you provide for individuals that are elderly and may have disabilities. You also want to keep those things in mind when you are selecting the hours of operation.

Recruiting volunteers is probably one of the hardest parts of opening a VITA site, getting one started. So the three top ways we have found to get volunteers in the first

year is to use your existing email networks to advertise and search bulletins or civic group newsletters. And recruit on high school and college campuses, especially law, accounting and public policy departments because they are looking to get that experience.

Training volunteers is provided by the IRS. They provide training in both tax law and the TaxWise software. So you really want to try to get in touch with your relationship manager, the person at the IRS who is responsible for your site as soon as possible because the slots do fill up as the beginning of the season draws near.

Publicity and outreach is also key to the success of your organization- VITA program. You want to encourage your clients to schedule an appointment rather than walk in because it just makes things go a little more streamlined. And the best publicity is word of mouth from satisfied customers. The top three ways to get clients, you can post flyers in neighborhood stores and community centers, high schools. You can place an ad in your local newspaper and you can also take advantage of free spots on your local radio or cable stations, most of whom will provide that free of charge to nonprofit organizations.

Challenges. Volunteer recruitment and retention is always a challenge. It's best to try to recruit as many volunteers as you can because oftentimes you will end up with much less than you anticipated. It's also difficult to retain those volunteers from year to year. So one way we suggest to help alleviate this problem is to establish a good working relationship with colleges and high schools so that advisors and instructors can provide volunteers from each new year's class. Funding is also a huge challenge, which we hope will be alleviated, for the most part, by the \$8 million allocation given by the president.

Another big challenge is employer participation. It's sometimes difficult to convince employers to educate the employees about the credits for which they may be eligible. And it's also hard to convince them to allow their businesses to host VITA sites but we have had some success here in North Carolina but it's still a challenge, especially the smaller sites and the more rural sites have really experienced.

Instant gratification. One of the problems VITA sites have in competing with paid preparers is the time it takes to receive the refund. It's difficult sometimes to convince clients to wait the seven to ten days, on average, it takes to receive their refunds versus going to paid preparers and taking out a refund anticipation loan, which basically is a loan against their own money at a very, very high rate.

Another challenge would be the lack of education. Nationally only 75-85% of those eligible for the credit file for it. And in North Carolina more than 100,000 eligible families have not accessed the credit, leaving more than \$100 million unclaimed each year. And a lot of families simply don't know that they're eligible for the credit.

In summarizing, the tax campaign efforts of the sites we work with, within North and South Carolina, accounted for \$13,699,168 in federal refunds. 12,539- that should be number of electronic filers and over \$5 million in EITC refunds.

And to really draw upon the importance of the Earned Income Tax Credit, three years ago my husband was murdered and so we had two small children who, at the time, were four and 18 months old. And if it were not for my receiving that Earned Income Tax Credit that year, I simply don't know how I would have provided for my children. And in subsequent years, it allowed me to start my own 401(k) fund, my retirement fund and then this year, although I could not receive the Earned Income Tax Credit, I did receive a refund that will allow me to purchase my first home for my children and me this year.

We've learned that a small investment in a community tax campaign has a very large impact because most of the work is done by volunteers. An investment of \$10,000 in a community tax campaign returns many times and it saves tax preparation fees, Earned Income Tax Credits and local economic stimulus that directly benefits disadvantaged families and their communities.

And doing an effective media campaign across multiple media markets with little money is very difficult but we think that tax time is key because that's when the money comes in and it should link to a larger system of year round asset building services with multiple access points. And there's a great need to link an array of

affordable financial products such as- as an alternative to predatory financial services such as payday loans.

One great example we have here in North Carolina and in linking to assets is the Experiment in Self Reliance, a nonprofit organization in Winston-Salem, North Carolina, and they provide asset building counseling at three of their tax sites. And in doing so, over 1100 tax site customers chose asset building counseling and received information about asset building opportunities within their community.

144 signed up for new matched savings accounts, IDA accounts, to purchase a home. Another 244 contributed to an existing IDA and 176 joined North Carolina Saves and opened a savings account, which is just a branch of Federal Saves program. So the next steps for us involves working with employers, who would like to provide asset building services to employees and working with Workforce Development System and community colleges.

With the help of financial institutions designed and market new products to bank the unbanked and help families save. IDAs are important because they are the centerpiece of a new asset building strategy. They restrict savings accounts used for post-secondary education and training, business start up and home ownership. And they matter because they change thinking and behavior. They can change the mentalities behind the cycle of poverty that we're all trying to eradicate in a very simple process.

In doing so, in utilizing those things instead of some of the other, it gives the client more control over how they're approaching asset building strategy. IDAs work by the individual having and individual account. You have a master account- the individual contributes a certain amount to a savings program and that's matched by someone holding the master account. In some cases you can have a three to one match, you can have up to as high as a five to one match. So that is a client saves \$1,000 then they get \$5,000 in total or more.

And here's my contact information, if I can be of any assistance in helping you establish some VITA sites or give you any more information please don't hesitate to contact me.

Ron Clark: Okay. Thank you very, very much, Tiki, for a very informative, again, presentation. Really just giving us that hands on perspective. And also I just want to say congratulations on your first home.

Tiki Windley: Thank you.

Ron Clark: That's a great accomplishment.

Tiki Windley: Thank you.

Ron Clark: I'm very proud of you.

Tiki Windley: Thank you.

Ron Clark: Okay and we're moving on to the next presenter here. We have Ms. Jean Hunt, who will also give us that hands on perspective. And she's coming to us from Philly. Jean Hunt heads the Campaign for Working Families, an initiative designed to increase resources available to low-wage, working families in the Philadelphia region.

In five years the campaign has completed 55,000 tax returns for 26,000 Philadelphia customers, bringing them \$86 million in state and federal credits and refunds and saving them approximately \$14 million in fees and charges. Her previous experience includes program director for Children, Youth and Families at the William Penn Foundation, executive director at the Mayor's Children and Families Cabinet, City of Philadelphia, and assistant manager in the Philadelphia Department of Recreation.

As an RN, she served as the executive director of the Elizabeth Blackwell Health Center for Women, director of Outpatient Services at the Booth Maternity Center and worked as an RN in a variety of clinical settings including the emergency room, outpatient clinics and home nursing. She's worked as a community organizer and is actively involved in a variety of community organizations. Welcome Jean.

Jean Hunt: Thank you, Ron, and good afternoon everybody. I have some information in this that duplicates what Mike and Tiki have done so I'm going to move us through this more



quickly so there is time for questions. And I think I have to say “next” because it’s not moving.

I just want to say one word about context about the Campaign for Working Families. Our largest piece of work that we do is providing free tax services for low income people. We expect to do about- serve about 13,000 families in Philadelphia and from the surrounding region this year. But we do this always in the context that what we’re trying to do is help families increase their net worth. And for many families this may mean getting their net worth to zero. In other words, getting it to a point where they don’t have more debt than they have either money coming in or assets.

So we work hard to try to create a fair marketplace. And that means creating non-predatory goods and services that low wage households can use to do their financial business. They spend more to do this business than anybody else in this society. And we’re very interested- we don’t see people as our clients we see them as people that are operating independently in the marketplace. Next.

We’ve been doing this for six years. We do a lot of the same things that Tiki talked about. I won’t read this slide. What I think is important is that in Philadelphia since we started we’ve increased EITC by 5%. Next.

This just gives you an idea of the scope of the work that we do and it’s not to scare people off. It’s kind of where we’ve arrived after time. It takes a while to learn to master this big network of tax preparation sites. But the most important thing on this slide is the partnerships. We operate very much in partnership with organizations of all kinds all over the city; both as- who host tax sites but also do other kinds of work to help us out. Next.

Let’s skip these because these slides, I think both Ron and Tiki have gone over. This is about- but somebody had asked a question about how much a couple can make and it’s the first bullet here. A couple making less than \$39,783 with two children will qualify for some Earned Income Tax Credit. And the last thing I wanted to say was this last piece about single people with no kids who qualify for EITC. This may be a lot of the fathers that you’re working with. We know we serve a lot of these men at our tax sites and there’s a couple things I want to say.

One is that if they have not filed taxes in previous years, or if they filed and they didn't get the EITC, they can file not only for this year but for the two previous years. So if a man comes in and he hasn't ever filed taxes before or he filed last year and didn't get the EITC, we will file for the current year and the two previous years- he could walk out with somewhere between \$900-1200. Even though it's not what you get for being responsible for a child, it still can represent a chunk of money.

This is also a very important thing to think about for people who making reentry from prison, who come out of prison with absolutely no resources. If they worked at all during the year before they've been released and they have any earned income it would really be worth having them get their taxes done. Next slide.

These are the amounts of refund. And the bottom bullet again, this is that man who has children but they're not living with him. He could get \$428 for this current year. Next.

I just want to mention, people say, "Okay, how do I file for my EITC?" One of the common things is people feel like you go and you file for EITC like it's something separate. When you do free taxes for people you do everything. We do all their state taxes and we do their federal return and there may be other credits and refunds that they qualify for that can also increase the amount of the refund that they get.

And one thing, because you're located, I gather, around the country, is to find out whether you have a State EITC. I think there are -- it's either 23 or 35 -- I think it's 23 states that have a State EITC so there may be additional funds coming from filing a State income tax return as well as a federal. Even if there isn't a State EITC, there may be other measures in your State's tax code. Like we have something called Pennsylvania Tax Back. We don't have an income tax, but people can get several hundred dollars of their withheld State income tax refunded to them depending on their income and the number of children that they have. Next slide.

I just put this resource in for you if you're interested in finding out if you have a State EITC and, if you don't, you may be in a coalition that might be interested in joining with whoever in your state is trying to get a State EITC passed. Next.

So there's two ways to get EITC money into your community and the first is to do an EITC outreach campaign. And I- because I can't see you and talk to you all I don't know where you are in this process, whether you might be interested in running VITA sites or if you just want to do outreach. So I've tried to put a little bit about both of these ways.

One is to do EITC outreach and that's directly aimed at people who qualify for EITC but do not receive it. Now in Philly, African American households, by and large, know about the EITC. Latino households do not know about the EITC. People who have become U.S. citizens and who now qualify for it may not know about the EITC. Small business owners who make fairly low incomes, they may qualify for the EITC and may not have filed for it. So there's a bunch of places to try to figure out in your community where those people are.

So that's one way to increase EITC uptake. The other thing is to run a VITA site and as we said we believe we've saved people \$14 million in all kinds of fees that they would have paid had they gone to paid preparers. Can I have the next slide please?

When you do outreach, there's- you have a great story to tell about the Earned Income Tax Credit. I've done a lot of community organizing and I've worked on a lot of issues. This is one of the easiest issues to get people to understand. If people work hard and they're trying to raise their kids, they ought to get this credit. It's a reasonable thing to do.

We market both from the bottom up, from the neighborhood level up and we market from the top down. The top down is that we have made partnerships with a major newspaper in town, the ABC TV outlet in town, affiliate, with Clear Channel radio, which probably controls most of the radio stations in your community and with Univision, which serves the Spanish-speaking community.

And, what we do is we promise we will not buy any advertising, which is an easy promise to make because we have no money to do that. And in return, they help us promote the campaign and they do it in all kinds of ways. They run editorials, they run articles, we feed them stories. They do PSAs, they do boxes in the newspaper, we do

the newspaper that most working people read. They do boxes, “where to get your free taxes done.”

One of the things you have to do in order to be able to help them is you’ve got to find some stories. You find some people like Tiki, who has a very powerful story about what EITC was able to do for her and her children in a very difficult moment. We have stories of people who have used EITC to buy a used car so they could get to a better job. We have stories of people who have used it to purchase a house, which actually lowered their monthly housing costs. We have stories of people who have used it to go to community college and then were able to go on and get a 4-year degree.

So these stories have tremendous power and if you can make those available, the media will use them. You also use the consumer reporters on your TV stations. Not just the one that is your media partner, but all the TV stations that serve your community if you’re in a metropolitan area. If you’re in a rural area this is, I’m sure, more difficult. But that’s probably where you have to go to cable. But if you feed them stories, they’ll run them if you really help set them up for them.

And then the bottom up is that we go to community leaders; those people in neighborhoods that people go to for information. We pay them a stipend, we ask them to help us figure out what is the best outreach strategy and then they promote the Campaign for Working Families free tax sites for us in their network. Whether they’re a block captain or they’re a leader in a school or in a union or at community college or whatever. You have leaders, no matter what kind of community you’re in; that person is the person that you go to to help tell your story. Okay next slide.

Thinking about men and fathers, what you’ve got to do is sit down and say where in our neighborhood or where in our town or where in our county do men gather? And I just tried to raise- list a few suggestions that I would know here in Philadelphia. But wherever it is in your community, that’s where you’ve got to be to do your outreach. You have to have materials that are simple, very colorful, very direct, very little blah blah on them. You want to check them for the literacy level. In Philly, we have to- our materials are all written for the sixth grade reading level because that’s the reading

level of the majority, you know, of the mass of people in the city. We wish it were different, but that's what it is.

So we make simple palm cards. They're like a quarter of the size of a regular sheet of paper. Print them on heavier stock with our logo, a phone number where you can find out where you can get your taxes done for free or some brief information about EITC. But your literature has to lead them somewhere, somewhere where they can get something done. And with all due respect to the IRS, the IRS number- phone number is a hard number to navigate if people call in to figure out what's the proper prompt to push to get you to where is the nearest free tax site in my neighborhood. Next slide.

These are some points about how you can sell it. I think the first one is it's your money. You've earned this money. It's yours. It's not a hand out, it's not welfare. Nobody's giving you anything. This is your money, you've earned it, you can take it. And the middle bullet is about the three years that I was trying to mention to you before. And finally, don't give away your hard-earned money.

Let me just say a quick word about what happens at tax time. Low-income people are like a big, fat target for people out to steal their money. And we send testers into the paid preparers- we sent a tester into Jackson Hewitt two years ago, a woman who makes \$20,000 a year. She filed a simple straight forward tax return, nothing special about the return. She did not take a refund anticipation loan. They charged her \$419 to do her tax return. That's more than a week's wages for her.

So that's the first big sucking out of these refunds. That's the first place the money goes is to these high fees. And the second, as Mike mentioned, is the refund anticipation loan, and Tiki as well. And that's, you know, people are borrowing their own money and paying as much as 700% interest to do so. And the third way people lose part of this refund is if they take part of their check to a check casher. And check cashers can go up to 10% sometimes of that check. So if you have a \$4,000 refund check you could lose \$400 out of that check.

So just look at those bites and think of that money coming out of your community. Not only is it not available for the household, it's not available for businesses in your community. It doesn't flow in your community and stay in your community. This



money all goes to big banks and corporations far away from wherever you live. Next slide.

Okay, this is what I just went over with you. So this is the way the money comes out and it's as much important as the message about EITC and we pump this through the consumer reporters on the radio and the TV. Next.

Okay. Just a quick thing about- if you are interested in starting a free tax site, I've tried to suggest some places to start. And the first thing is you've really got to have a strong commitment from some community leaders and it's really good to have a person that is known in the community, whose going to head this thing up. You do this building teamwork because it's too much for any one person or any one organization to do by itself. And you scout for in kind resources. In kind can help a lot if you can get somebody to loan you computers or a computer lab, if you can get people to donate paper, if you can get people to donate training space. We get a tremendous amount of in kind support. Next slide.

These are the things that you're looking for when you're looking for a partner. You do want consistency of mission. You want partners where- by them doing this work it helps them meet their own organizational mission. And you want people that are experienced and good at building coalitions and don't have a lot of ego about it. You want a really high commitment to customer service because you want to do very high level- you want to do quality tax returns and you can't be afraid of technology. You've got to have people in your coalition that are not afraid and that know how to use it. Next.

This is really important. If you're going to start, you're coming into a field where there's a lot of us that have been doing it for a while and it's a very, very generous field and there are a lot of resources. You do not have to start from scratch. I say this to everybody. Please don't start from scratch. The National Community Tax Coalition is an organization I'm in. There are 500 organizations like us all over the country. Tiki's organization has a leading role in the NCTC and you can get everything from that both from contacts you make in NCTC but also just from their Web site.

If you're in a rural community, you can find rural programs that have figured out how to do this. You can find state-wide coalitions that have figured out how to do it and you can find programs located in big, urban settings like us. Next.

First thing, though, is go to your IRS. They can be extremely helpful. As Mike said, there's a SPEC office that serves you no matter where you are in the country. They may not be right in your community if you're- they've taken some cuts and they're covering more territory but they're very, very helpful and they know how to do this and they can provide a tremendous amount of technical advice. So again, you don't have to start from scratch. Next.

This is some of the most gratifying work I've ever done. You know, when you sit down and you do a tax return for somebody- I'll tell you a story. I did somebody a couple weeks ago, a young woman, who has a full time job and works two part time jobs. She has two children, she's a single parent. She -her total household income was \$21,900. But by the time I was done doing her return, we had a refund for her, a combined refund from the State and the federal government of \$6,900.

You know, that represents- that's the most practical, tangible thing you can do. She needs that money more than anything. But at the same time, when I said, "would you like to put any of this money aside for your children's future?" We run a savings bond project, she bought two big savings bonds, one for each of her sons and she said, "every year I'm going to buy savings bonds for my sons and by the time they're 18, they'll have a bunch of savings bonds and it'll help when they're ready to go to college."

So there's nothing more gratifying than doing this. So I just want to say it's really fabulous work and you'll have a good time and you meet amazing people. As I say in this bullet, the field is extremely generous, everybody shares resources with everyone. Nobody is- hordes their resources. They're not going to charge you to share what they've got. And you're seeing people raise their income. Next slide. Next.

That's me. That's how you find me. And anybody has any questions I'd be really happy, if not now, you can feel free to get in touch with me and I'd be most happy to help you out if there's anything I can do. So thank you very much.

Ron Clark: Okay. Thanks again, Jean, just for, again, another informative, passionate presentation. I really appreciate the very vivid examples you gave in terms of how to promote the benefit of this great resource, EITC, and just also your great examples of outreach, including the barber shop, Home Depot and so forth. Just really giving that concrete, hands on perspective. And also I just really saw your passion, and from all the speakers, about economic empowerment of low-income fathers and families. So again, I just appreciate all of you.

What we're going to do now is move quickly because we want to make sure that we answer as many questions as possible, to get this information out to our target population; our participants in our program. And so the first question goes to Mike. Can you alert the audience about, you know- we talk about the good news, this is some great news, but also there's some bad news out there. There are a lot of individuals who get scammed and taken advantage of as Jean said. But can you alert us, alert the audience about the scams with EITC. Mike?

Michael McBride: Okay, Ron. That's a real good question there. There are numerous scams with EITC and the Economic Stimulus Package. (unintelligible) That seems to be a whole new skill set. Number one, with the EITC, as all the presenters have stated, you can come into one of our free Volunteer Income Tax Assistance sites and they'll prepare that return for you absolutely free if you meet those income requirements that Jean mentioned earlier and receive the full value of that refund. You don't have to pay \$200-300-400 to do that. So that's probably the biggest scam.

And then, direct deposit is probably the quickest way to receive that money. If someone utilizes direct deposit, that money will be directly deposited into a checking account in ten business days, which is really, really quick. When they get these refund anticipation loans with these high user rates, they get that money maybe six days earlier. So they're paying 500% to get that money six days earlier.

And then really, really quickly, with the Economic Stimulus, Ron, there are a lot of scams out there but if someone files a 2007 return, they don't need to pay any money to anyone else to get anything else for that. The IRS will automatically compute that Economic Stimulus Payment and send it to them. If someone is elderly and retired and doesn't have a liability to file a return but needs to file it just to get that stimulus payment, it's a very, very simple Form 1040 to fill out. Anyone can do it and they don't need to pay ½ of that money to get that filed or pay large refund or fees to get that return prepared.

Ron Clark: Okay. Thanks a lot, Mike. Thanks a whole lot. Our next question is for Tiki. How does one qualify for an IDA account as Tiki mentioned? How does one qualify for an IDA account as Tiki mentioned?

Tiki Windley: It really depends on the- I guess, where the matching funds come from and depends upon the program. There are different IDA programs. One is geared specifically for first time home ownership. Another is geared for post-secondary education and then another can go towards small business ownership. So there are some different factors involved as it relates to IDA requirements and you can contact the Department- well, I know in North Carolina we have North Carolina Department of Labor, but you can just google "IDA accounts" and you should be able to go to a source within your state that can answer how it relates to your site specifically.

Ron Clark: Okay. Thanks a lot, Tiki. Next question is for Jean. You talked a lot about the various responsibilities in operating a VITA site. And you also talked about, on the other side, that individuals may want to think about partnering with other entities who host a VITA site. And I guess the question that's coming forth here is how do I decide whether to partner with a VITA site or to start my own VITA site? And can you just talk about some things they may want to take into consideration in making that decision?

Jean Hunt: Well, if you've got a good VITA site in your community and it's run by an organization that you feel you can build a good relationship with, I would definitely partner. Because what you can do is you can learn and not have to take it all on your first year. And then maybe you can expand it. You know, maybe they're only running one

site and maybe after you come on board you can expand it and do more than one site.

So I think partnership, I mean, partnership is the way I think so to me it's always preferable. And the start up for a VITA- it's hard. It takes really intense work. Please think "Oh, how hard could it be?" Well, it's hard; Mike and Tiki can tell you this. So doing it correctly and getting the right people and finding the volunteers and training the volunteers and figuring out how you handle the rejections that come through and managing the confidentiality of the returns.

There's a lot to it. So if you've got a place to start, somebody's built a platform in your community or county or whatever area you're in, I would start there. If it doesn't- that's not possible for whatever reason and you feel like you've got some resources, you've got, as I indicated, I think a strong leader in the community who champions this effort.

We had somebody in Philadelphia that's highly respected in a number of sectors and he was able to go around and talk to people and get people excited about it and got a lot of the partner organizations to the table. You need a person to run the VITA site. Now, I know there's many VITA sites that run with volunteer leadership.

We do not do that. We pay our site managers. They work extremely hard and we want them to be accountable to us for quality. So we pay a site manager. You know, so it depends what resources you can raise. If you're interested in doing this next year, start right now. Start this minute. Start when you get off the call.

Call your SPEC person and find out what's going on in your community because it takes a long time to get it organized and get yourself ready for doing it. So I guess my- the short answer is you've got to figure it out in terms of the way things are. Break out wherever you are located and whoever the players are, you know, if there's someone you can't play with then go play in your own sandbox but develop the resources you need to do it.

Ron Clark: Okay. Thanks a lot, Jean. And just kind of a sidebar question I want to direct to Tiki. You talked about potential availability of some federal funding to start a VITA site. Can you talk about that a little bit and also when we might get the final word on that?

Tiki Windley: Well, Mike will probably be the one.

((Crosstalk))

Ron Clark: Yeah. Go ahead Mike.

Michael McBride: Ron, that's another 20-minute conversation.

((Crosstalk))

Michael McBride: Let me give you the Cliffs Notes version. There's an \$8 million grant that Congress put in the IRS budget for the first time in 2007 for us to give \$8 million to community-based organizations that via grants they want to do VITA. It's never been done before so as we speak, right now, there's a team of IRS senior managers and tactical sort-of specialists that are writing the plan for this. And it's never been done so we're making it up as we go.

When you look at the legislation that says the program will provide direct funds to the provider programs to extend services to underserved populations, hardest to reach areas, both urban and rural and increase electronically-filed tax returns. We're writing the regulations. I can leave you with this one word. We will start taking applications for organizations on July 1. We should have all the regulations written, all the applications procedures, look for it on the federal register. On July 1, the applications will stay open for 90 days and at the end of that 90 days we'll look at all the applications, make the awards by, hopefully, October and they'll get the money and be up and ready to go for the next filing season, January 1, 2009.

Ron Clark: Okay. So for an organization, they'll need to go to your Web site to kind of get an update on...

Michael McBride: Yeah, go to our Web site and July 1 is the first drop dead date. That's when they can put their application in. And look at our Web site, it'll give you a whole lot more information than I can give you in 20 seconds.

Ron Clark: Okay...

Jean Hunt: And Ron, if I can just say- this is Jean. I'm sorry. If I could just say a word about this grant. This is something the National Community Tax Coalition has worked on for the last five years to get this funding and we really hope that some of this funding will go especially to rural communities and underserved communities where VITA is not strong and where there's not enough of it. So that's one of our goals.

Ron Clark: Okay. Thanks. And then another question came in. It basically says is there a directory of VITA sites where one can locate a program site in their community?

Michael McBride: Yeah, Ron, there is a directory. These change from year to year because our volunteers change and that. But, again, on our Web site at [irs.gov](http://irs.gov), Individuals and just put in the search engine in the upper right hand corner "VITA sites location", it'll take you to a page that will have the location and all that stuff. So [irs.gov](http://irs.gov) is your best reference for everything we've talked about.

Ron Clark: Okay. And then another question that comes in also says, and I believe someone may have answered this question. I think Tiki may have answered it. It says if a person owes taxes can they still get a stimulus check? If a person owes taxes can they still get a stimulus check?

Michael McBride: This is Mike. I don't want to hog all the time but I can answer that one for you real, real quickly.

Ron Clark: Okay. Okay.

Michael McBride: There's good news and bad news. The bad news is if you owe prior taxes and have a prior balance due, even though you qualify for a stimulus check- just like any other refund, that amount will be taken to apply to those back taxes. That's the bad news. But the good news is that economic stimulus check will have gone to reduce any

liability you have and that will put you, as someone said, I believe Jean said, put you in a positive asset mode versus a negative asset mode. So yes it will be taken to pay those back taxes.

Ron Clark: Okay. So it'll pay your bills one way or another then.

Michael McBride: That's right. But the good news is we'll use it automatically your bills.

Ron Clark: Okay. You got your cut. All right. And this is another question here. I believe it'll go towards Mike here. It says has the IRS thought about getting the message out about EITC via direct advertising. You're thinking about just the kind of the whole trend now, or fad, where people are utilizing direct advertising to get products and services out in terms of a message. But has the IRS thought about it? You know? Kind of direct email...

Michael McBride: We do- Ron, that's another outstanding question. We don't do direct advertising because the population that qualifies for EITC is fluid. It changes from year to year. People have low income one year, high income the next year. So they're in and out of the qualification range. We do do a lot of advertising. National partners do a lot of PSAs, public service announcements. We partner with various groups that do advertising and even if someone files a tax return and didn't claim the EITC and it looks like they qualify, we'll send them a flyer and say think about this. You may qualify. See a tax preparer or go to a VITA site for that information.

Ron Clark: Okay. Thank you. And then another question that comes in it says, basically, what are the most important skill sets needed in working with low income families around this issue? Do you need an accounting or a business background?

Jean Hunt: No. This is Jean. You do not. I don't have a business background. You need a healthy respect and understanding of what people are struggling with, I think.

Tiki Windley: Yeah, that's what I was going to say also, Jean. Yeah.

Jean Hunt: Yeah. I think you need to see people not as victims but as people that are making the best choices that are available to them.

Ron Clark: Okay.

Jean Hunt: And part of our goal is to make more choices available. We know that people- you know, I've been in rural communities where, you know, you go down whatever the street is in the town and all that's there is pawn brokers and payday lenders and check cashing services. You know, people use the services that they've got available to them.

So what we're trying to do is just put better services, make better services and better products available for low income people so they're not ripped off every time they do their business. But you don't need business background. I didn't know anything about taxes when I started this. You can do this work without, you know, a deep financial background. I think you just need to have an understanding of how your community works and where the leaders are and what the relationships are and how to build relationships and connections with people.

Ron Clark: Okay. Anything you want to add, Tiki?

Tiki Windley: I think you definitely need to come into it with an open mind. You don't need to come into it with any stereotypes. You need to kind of be receptive of, as Jean said, what someone else's circumstance may be, which may be totally different from what you're used to. But you need to have a clear understanding and some compassion, quite honestly.

Ron Clark: (Unintelligible).

Tiki Windley: A lot of these people are coming to you as a way out of their situation.

Ron Clark: Okay. And then I know Jean, you had a- you made a statement about, you know, you need to start today if you want to implement it next year. And let's say that we heard your webinar today, we thought it was great, you know, but, you know, tomorrow we want to start an EITC/Stimulus Package program/initiative in our community. Where do we start? Do we go on the IRS Web site? Do we look for a VITA community site? Or where do we start from here?

Jean Hunt: Well, I mean Tiki will probably have things to say about this as well. I would start by locating the spec IRS person that's responsible for the community that you're in. And, Mike can you get that off the Web? Can you go to the Web and find out where the nearest spec person is or who it is? How do you find that person?

Michael McBride: It's on the Web. Everything is at IRS.gov, but I completely agree with you. The first thing to do is find that IRS SPEC relationship manager in your area and they will take it from there.

Ron Clark: So when you say "SPEC" just to be clear for our audience, when you say "SPEC" what do you mean?

Michael McBride: I'm sorry. "SPEC" is the organization I work for. Stakeholder Partnership Education Communication (SPEC). So we're in the Wage and Investment division but my group is called SPEC. Stakeholder Partnership Education Communication. So we have territory managers locally in all the major cities across the country, so anyone interested in starting a VITA site, our strongest recommendation, I agree with Jean, is to contact that IRS SPEC territory manager- or we call them relationship managers, and they will get you started.

Jean Hunt: And then the second thing I would say is to go to the National Community Tax Coalition's Web site. National Community Tax Coalition and the Web site is tax-coalition.org. And they have a map, a program map of where member organizations are that are in the NCTC and you can click on your state or on your city if you're in a city and see if there's somebody anywhere near you that's doing this work and I would call them up. That would be the second thing I would do. I'm sorry?

Michael McBride: Go ahead, Jean. I'm sorry. Go ahead.

Jean Hunt: That's it.

Michael McBride: I was going to say, Ron, if it's feasible, I would love to email you a list of all the territory managers across the country and then maybe you can post that some place and people could have it. I'll do that first thing in the morning.

Ron Clark: Okay. Thank you. Okay well we've come to the conclusion of our Q and A session. I just want to, again, thank our presenters. Mike, Tiki and Jean you all have done a great job and you've definitely increased our capacity to help fathers and families increase their economic livelihood and so we definitely want to just say thank you again.

And so, if any participants on this webinar, you did not have any of your questions answered just please resubmit your questions to your federal project officer and we'll make sure you get a response in a timely manner. And again we want to make sure that we get the information to you that you need so you can help fathers.

At this time, as we do each week, we ask that participants participate in our Polish webinar survey. The survey results inform us of ways we can provide the best possible learning experience for you and I just want to make sure that we get those up. Jean? Okay Jen now.

First question is- statement rather, it's I have a clear understanding of EITC. I have a clearer understanding of EITC. Strongly agree, agree, unsure, disagree, strongly disagree, no vote. Please mark accordingly.

Jean Hunt: Ron, do you want us to vote on this?

Ron Clark: Not now. Take about 15 more seconds. Okay next statement. I have a better understanding of how to use the EITC program to benefit the fathers and families in my program. Strongly agree, agree and accordingly.

Okay next statement. The advice and suggestions regarding what my program would need to best serve participants in terms of EITC were helpful to me. Please mark accordingly. Take about ten more seconds.

Next. I now feel more comfortable with the ability of my program to assist fathers with EITC. Mark accordingly.

Okay and finally, I feel more comfortable working with participants around eligibility and obtaining aid from the Economic Stimulus Package. Please mark accordingly.

Okay. I want to thank you for participating in today's webinar and also remind you to take advantage of the new TA service offerings that were made available earlier during today's webinar. We have new TA partners here and just, we want to just make sure that you're successful and you're working the community with both fathers and families. So again, I want to remind you to put your TA requests in.

And also, if you have any TA needs, please contact us via email at [info@fatherhood.gov](mailto:info@fatherhood.gov) or call us at 1-877-4DAD-411. Again, 1-877-4DAD-411. Thank you and the operator will now speak with you.

Operator: Ladies and gentlemen that does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your line.

END